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In 2 Sections—Section 1

The Commercial and
FINANCIAL CHRONICLE
Reg. U. S. Pat. Office

Volume 161 Number 4348
New York, N. Y., Thursday, January 4, 1945
Price 60 Cents a Copy

Gustav Metzman Board Member of J.P. Morgan & Co.

At a regular meeting of the Board of Directors of J. P. Morgan & Co. Incorporated, on Jan. 3, Gustav Metzman was elected a member of the Board. Mr. Metzman has been President of the New York Central Railroad Co. since Sept. 1, 1944. He was born in Baltimore, Md., in 1886, and entered the railroad business as a copy clerk with the Baltimore & Ohio in 1903. He was on the staff of the Eastern Presidents Conference in 1916-17, and with the Railroad Administration during World War I. He joined the New York Central lines in 1920. In 1942 he served for some months as Chief of Rail Division, Transportation Corps, U. S. Army, at Washington, D. C.

Gustav Metzman

Delafield to Admit

Delafield & Delafield, 14 Wall Street, New York City, members of the New York Stock Exchange, will admit Clelia B. Delafield to limited partnership as of Jan. 11.

Pennsylvania Securities Section on page 66.

It's Your Money That's Involved

By WALTER E. SPAHR

Professor of Economics, New York University
Secretary, Economists' National Committee on Monetary Policy

Asserting There Is No Indication That the Policy of Polluting and Diluting the Monetary System Is to Be Curbed or Abandoned, Prof. Spahr Points Out the Following Monetary Problems With Which the People Are Now Concerned: (1) Greenbackism; (2) the Treasury's Power Over the Price of Gold; (3) the Power to Alter the Weight of Silver Coins; (4) the Manipulation of Federal Reserve Bank Notes; (5) the Allied Military Fiat Currency; (6) the Continued Suspension of the Gold Coin Standard; (7) the Confusion Regarding the Meaning of "Lawful Money" and "Legal Tender," and (8) the Effectiveness of the Bretton Woods Agreements in International Exchange Stabilization.

For a dozen years controversies regarding the virtues, defects, or dangers in our monetary structure have been agitating monetary economists, Congress, the Federal Administration, and others.

Dr. Walter E. Spahr

During this period a multitude of laws, Presidential proclamations, administrative rulings, unusual and unprecedented governmental actions, Congressional hearings, and criticisms and warnings by monetary economists and others have characterized the field of money.

Busy people, not specialized in these matters and with insufficient time to follow the various issues with care, have, of course, been confused. Some of them have been deeply disturbed, either because they have not been sure that they understood what was

(Continued on page 70)

Restoring Stable Moneys And Foreign Exchange

By IVAN WRIGHT

Professor of Economics, Brooklyn College

Economist Stresses Need of Confidence in a Government's Stability to Maintain Monetary Stability and Asserts Mere Legal and Political Enactments and Promises Will Not Establish Sound and Dependable Currencies. Holds that Government Regulations, Such as Tariffs, Quotas, Two-Price Systems and the Like, Must Be Corrected Before Stable Currencies Can Perform Their Functions in International Trade and That Any Attempt to Superimpose New and Controlled Money Upon the Present Chaotic Currency Conditions Throughout the World Will Not Succeed. Advocates a Sound Convertible Currency With International Balances Payable in Gold or Its Equivalent.

It is the duty of the government of each country to provide an honest and dependable currency. Without a stable currency in which people can have confidence all credit transactions are restrained, and production and trade are subdued to a hand-to-mouth basis. When the value of money can not be counted on indefinitely, trade between countries is reduced to a cash or barter basis, and trade regulations are set up to protect the economies of the stable currency countries against the cheap money and cheap goods of the countries with unstable currencies.

Dr. Ivan Wright

Mere legal and political enact-

(Continued on page 68)

The Nature of the Distribution Cost Problem

By Q. FORREST WALKER*

Economist, R. H. Macy & Co., Inc.

Marketing Expert Stresses Importance of Improved Accounting in Measuring Distribution Costs. Points Out Opportunities for Economies in the Elimination of Time Wastes, Transportation Delays and Turn-Over Practices. These Wastes Are Found Throughout All Production and Distribution Processes and Are Particularly Important in Retail Marketing Where Expensive Customer Services Add Materially to Operating Costs. Warns Against the Indiscriminate Use of Statistical Averages in Measuring Costs and Asserts That Low Marketing Cost Is Not an End in Itself and Will Not Necessarily Produce Maximum Sales and Profits.

Q. Forrest Walker

Marketing or distribution is the secondary stage in the life history of every commercial product. Raw, semi-finished and finished products are produced, marketed and consumed. The

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*An address by Mr. Walker at the Marketing Conference of the American Management Association, Waldorf-Astoria Hotel, New York City, Jan. 3, 1945.

(Continued on page 84)

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An Option On the Market

By ARTHUR WIESENBERGER*

Broker Reviews Development of Investment Companies at Home and Abroad and Points Out Their Past Errors and the Present Protective Measures to Insure Their Sound Operation. Contends the Price Record of Leading Investment Company Shares Show a Better Performance Than the General Market Averages and Demonstrate the Working of the "Leverage" Principle in Connection With the Purchase of Investment Company Shares for Income and Appreciation. Advocates the Use of Investment Company Shares by Small Investors for Diversification Purposes.

Arthur Wiesenberger

I want to thank my very good friend Beardsley Ruml, for his excellent introduction. I also want to express my deep appreciation for the invitation extended by your Association to talk on the subject that has so keenly interested me for many years. I am highly complimented by this large attendance.

Before the war my French banker friends were quite talkative in the best Oxford English, until we began discussing some specific business. Then they turned to their own language to be sure they made no mistakes. So, this afternoon, I would like to ask your forbearance for reading from notes. I, too, want to be sure to avoid mistakes. My objective is complete accuracy, and too many facts and figures are involved to trust to memory.

After a brief historical comment on investment companies I will take up **three** important aspects of the industry:

First: Factual proof that these companies show a better performance than the general market.

Second: An explanation of **Leverage,** the glamour aspect of investment companies, and why well chosen leverage shares appeal to either bulls or bears. This may sound like double-talk, but it is sensible double-talk. After you have heard it, I think you will agree that here is a case of having your cake and eating it too!

Third: The many practical uses

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*An address by Mr. Wiesenberger, of Arthur Wiesenberger & Co., New York City, before the Association of Customers' Brokers at the New York Stock Exchange, New York City, Nov. 28, 1944.

(Continued on page 76)

F. S. Moseley Absorbs Arthur Perry & Co.

BOSTON, MASS.—F. S. Moseley & Co., 50 Congress Street, announce the merger of the personnel, business and resources of Arthur Perry & Co., Incorporated, with their firm and will carry on the general investment banking business developed by the two organizations during many years of service to investors, in addition to their stock exchange commission business and commercial paper business.

F. S. Moseley & Co. hold memberships in the New York, Boston and Chicago Stock Exchanges and the New York Curb Exchange.

The merger unites two firms occupying positions of leadership in the financial field. F. S. Moseley & Co., organized in 1879 to deal in commercial paper, are prominent underwriters and distributors of investment securities in addition to their stock exchange business. Arthur Perry & Co., Incorporated has been a leading Boston underwriter and distributor of corporate and municipal securities since 1916. The entire staff of Arthur Perry & Co., Incorporated, will be associated with the firm, which maintains offices in Boston, New York, Chicago and Indianapolis.

The partners of F. S. Moseley & Co., will consist of Neal Rantoul, Arthur Perry, Charles C. Auchincloss, William Bayne, Hermann D. Boker, Alvah R. Boynton, Herbert F. Boynton, F. Wadsworth Busk, Leo F. Daley, F. Fletcher Garlock, Melville P. Merritt, Ben P. P. Moseley, Harry C. Robbins, Ernest L. Ward, Jr., and Ernest J. Woelfel.

Now J. A. Williams & Co.

EAST ORANGE, N. J.—Williams, Parmele & Co., Inc., 44 Brick Church Plaza, announces the change of firm name to J. Albert Williams & Co., Inc. as of Jan. 2nd.

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O'Brien Quits SEC; Joins Paramount

PHILADELPHIA, PA.—Robert H. O'Brien has resigned as a commissioner of the Securities and Exchange Commission and is joining Paramount Pictures, Inc., as Special Assistant to the President. Mr. O'Brien was appointed an attorney in the Registration Division of the SEC in September 1934, and later served in the same division as Assistant Director. He was appointed a Commissioner by President Roosevelt on Feb. 3, 1942.

Murray McConnel Is Hayden, Stone Partner

Murray McConnel

Hayden, Stone & Co., 25 Broad Street, New York City, members New York Stock Exchange, announce that Murray McConnel has been admitted to general partnership in the firm.

Mr. McConnel is a director of Julius Garfinckel & Co., Mid-West Refineries, Inc., and Dixie-Home Stores. He was formerly First Vice-President and a director of J. G. White & Co., Inc.

Wm. Cowan Is With Paine, Webber Uptown

Paine, Webber, Jackson & Curtis, members of the New York Stock Exchange, announce that William H. Cowan has become associated with the firm in its uptown office at 745 Fifth Avenue. Mr. Cowan has been with Harris, Upham & Co. since 1939 and prior to that was associated with Munds, Winslow & Potter as Manager of their several uptown branch offices.

Now Frost, Read & Simons

CHARLESTON, S. C.—Effective Jan. 1, 1945, the firm name of Frost, Read & Co., Inc., 21 Broad Street, was changed to Frost, Read & Simons, Inc.

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Thursday, January 4, 1945

Published twice a week
every Thursday
(general news and advertising issue)

and every Monday

(complete statistical issue—market quotation records, corporation, banking, clearings, state and city news, etc.)

Other Offices: 135 S. La Salle St., Chicago 3, Ill. (Telephone: State 0613); 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Possessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

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Bank and Quotation Record—Mth. $20 yr.
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NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Unlisted Trading Privileges

As is generally known, there is now pending before the Securities and Exchange Commission an application by the New York Curb Exchange to extend unlisted trading privileges to the following stocks: Lukens Steel Company Common Stock, $10 Par Value; Merck & Co., Inc. Common Stock, $1 Par Value; Northern Natural Gas Company Common Stock, $20 Par Value; Public Service Company of Indiana, Inc. Common Stock, Without Par Value; The Warner & Swasey Company Common Stock, Without Par Value; Puget Sound Power & Light Company, Common Stock, $10 Par Value.

We wish that knowledge were considerably more widespread, and that dealers and brokers in securities had a more adequate appreciation of the significance of this and similar applications.

The matter came on for hearing before the Commission last November and oral argument was heard at that time.

The adversaries ostensibly were the New York Curb Exchange and the National Association of Securities Dealers. Yet, in the appearances, it is noted that Louis Loss appeared on behalf of the Trading and Exchange Division of the Securities and Exchange Commission.

We emphasize these appearances because here is yet another instance where the Commission, which sits in judgment, nevertheless, actively participates in the presentation of the case proper under the guise of allegedly protecting the public interest. We shall come later to the extent of that participation.

The argument before the Commission on behalf of the New York Curb Exchange was made by William A. Lockwood. The argument for the National Association of Securities Dealers was made by Stephen C. Thayer of Baker, Hostetler & Patterson.

Mr. Loss, in behalf of the SEC, commented upon the Commission's introducing in evidence "a good deal of statistical data." He further said:

> "We made these studies in cooperation with both the NASD and the Curb, and if the results of those data point to a certain direction, and if that constitutes taking a position, again I say we will take a position."

In that statement lies the nub of our objection to the jurisdiction of the Securities and Exchange Commission. It can and does take a "position" in some matters which come up for its quasi-judicial determination, long before it is called upon to exercise such judicial duties.

The Curb Exchange and the National Association of Securities Dealers were and are amply qualified to state their points of view in connection with the pending controversy. These bodies were and are qualified to make any necessary studies which their representatives might

(Continued on page 63)

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Sentiment For And Against Peace-Time Training Equally Divided

It would appear that almost an equal division of affirmative and negative responses were received in connection with our symposium on the question of compulsory military training in peacetime. The results of the inquiry have been appearing in our columns beginning with the issue of Nov. 23 and, at this writing, a considerable number of responses have not as yet been published. Some of these are given in this issue and it is our hope that the balance can be accommodated in the next two or three issues.

In connection with this symposium, we would call attention to several discussions of the subject which appeared in the "Chronicle" of Oct. 26, starting on the cover page. These reflected the opinions of, respectively, a prominent Catholic educator, members of the New York Synod of the Presbyterian Church and the President of a prominent educational institution.

W. HARNISCHFEGER
Harnischfeger Corporation, Milwaukee, Wisconsin

I have been a member of a committee studying defense problems and matters of national importance and I am inclined to feel, at times, that we are prone to go from one extreme to another in this country. It is my theory that any good plant requires a watchman and by the same token I believe that this country, which at one time, at least, possessed a great portion of the wealth of the world (prior to the time that we became so liberal with our Lend-Lease policy), should certainly have an adequate military organization at all times. I believe, however, that it will be more necessary to have an adequate armed force in 10 or 20 years hence, rather than immediately after the end of the crisis that we are going through.

W. Harnischfeger

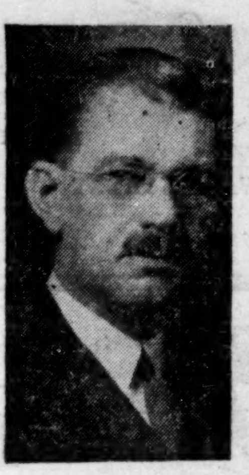
I also believe that there are some indirect advantages to having the youth of the country receive a brief training as they mature, and this training should include fundamental teachings which will help to make them good citizens and enable them to meet the problems of life.

I am also of the opinion that, in

(Continued on page 82)

E. G. Parsly Is V.-P. of J. G. White & Co.

J. G. White & Co., Inc., investment bankers, 37 Wall Street, New York City, announce the election of E. G. Parsly as Vice-President of the corporation. Mr. Parsly also is President of Allerton Corporation and a director of Allerton New York Corporation and of Alberene Stone Corporation. In 1939 he became Executive Vice-President of Kobbe, Gearhart & Parsly, of which he was one of the organizers. During the period 1919 to 1938 he was first a partner and later President of Parsly Bros. & Co., Philadelphia.



Elmer G. Parsly

Neergaard, Miller Has Admitted R. C. Albright

Neergaard, Miller & Co., 1 Wall Street, New York City, announces that Robert Copley Albright has been admitted to general partnership in the firm as of Jan. 1, 1945. Mr. Albright has been with the firm for some time in charge of the Binghamton, N. Y., office.

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NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The National Committee of the National Security Traders Association will hold a meeting on Jan. 31, at 1 p.m., at the Palmer House in Chicago.

DALLAS BOND CLUB ELECTS DIRECTORS

At its annual meeting on Dec. 13, the Dallas Bond Club, Dallas, Texas, elected R. A. Underwood (R. A. Underwood & Co.), R. A. B. Goodman (Schneider, Bernet & Hickman), B. F. Houston (Dallas Union Trust Co.), and W. A. Jackson as directors for the coming year. Rogers Ray (Rauscher, Pierce & Co.), was reelected Secretary-Treasurer.

The retiring board consisted of Joe E. Callihan, George T. Hemmingson (Crummer & Co., Inc., of Texas), James F. Jacques (Dallas Rupe & Son), and Judson S. James, Jr. (James, Stayard & Davis).

John Rauscher, elected a governor of the Texas group of the IBA at the recent Chicago convention, gave a report of the meeting, discussing addresses by Secretary of the Navy Forrestal, Alfred P. Sloan, Jr., Chairman of General Motors, and Lord Halifax, Ambassador from Great Britain.

NEW ORLEANS SECURITY TRADERS ASSOCIATION

There was much less noise in the New Orleans Trading fraternity Christmas week due to the absence from the "Street" of Izzy Kingsbury of Kingsbury & Alvis. Izzy underwent an operation which, while rather painful, was not particularly serious, and has been convalescing rapidly. It was expected that he would be down to add to the fireworks of New Year's Eve.

Calendar of Club Events

National Committee of the National Security Traders Association—Meeting, Jan. 31, at 1 p.m., Palmer House, Chicago.

Baltimore Security Traders Association—Annual Winter Dinner, Jan. 26.

Boston Security Traders Association—Annual Winter Dinner, Feb. 21.

Chicago, Bond Traders Club of—Annual Banquet and Presentation of Incoming Officers, Jan. 30.

Philadelphia Investment Traders Association—Annual Winter Dinner, Feb. 9.

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Commercial National Gives Statement of Condition

The Commercial National Bank & Trust Co. of New York reported as of Dec. 31, 1944, total deposits of $244,089,650 and total assets of $268,004,597, compared, respectively, with $220,909,473 and $244,143,490 on Sept. 30, 1944. The bank at the latest date held cash on hand and due from banks of $44,268,008, compared with $46,238,641 on Sept. 30; investments in United States Government securities of $178,102,283, compared with $145,983,580 three months ago. Loans and discounts of $40,897,679 compared with $46,206,423. Capital was unchanged at $7,000,000, while surplus increased to $10,000,000, and undivided profits were $1,148,851 against $1,900,415 on Sept. 30, 1944.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Ave. New York 1, N. Y.

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Bernard Winkler & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, will admit Ernest Stiassni to limited partnership in the firm as of Jan. 11.

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Mellon Nat'l Bank of Pittsburgh Marks 75th Year

In recording on Jan. 1 the 75 years of its existence, the Mellon National Bank of Pittsburgh points out that that period "closely parallels that of the great Industrial Pittsburgh District it was destined to serve." The institution had its beginnings on Jan. 1, 1870, when Judge Thomas Mellon, who had retired from the bench, founded the private banking firm of T. Mellon & Sons. In 1880 when Thomas Mellon retired as head of the firm he was succeeded by his son, Andrew W. Mellon, who had served the Bank under his father's guidance for six years. Andrew was sole owner until 1887 when his younger brother, Richard B. Mellon, became his equal partner. At the turn of the century, with consolidations, mergers, incorporations, and large expansions requiring a broader financial service, the house of T. Mellon & Sons, to provide these banking facilities, was incorporated in 1902 as the Mellon National Bank. The new national bank began business with a capital of $2,000,000 and deposits of $8,491.947. The Bank's first board of directors, says a sketch of its history, "were men with vision and sound business judgment — representatives of Pittsburgh's important industry and commerce. Andrew W. Mellon was elected President, and his brother, Richard B. Mellon, Vice-President. Andrew W. Mellon served as President until 1921 when he retired to accept the portfolio of Secretary of the Treasury of the United States. Richard B. Mellon was President from 1921 until his death in 1933, at which time his son, Richard K. Mellon, succeeded him to this office."

Eleven months after its incorporation the Mellon National Bank's deposits had increased to $20,981,377 while its resources were $24,342,258. In 1924 the Bank moved into the new home which had been erected as a monument to its founder's unfaltering faith in the future of the Pittsburgh District. On June 30, 1944, the Bank's deposits amounted to $570,172,814 while resources were $627,200,527.

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January 2, 1945

Wm. A. Titus, Jr., V.-P. Of F. J. Young & Co.

William A. Titus, Jr., who has been placed on inactive duty after two years service as a Lieutenant in the U. S. Naval Reserve, is returning to F. J. Young & Co., Inc., 52 Wall Street, New York City, as a Vice-President. Mr. Titus served as Provost Marshal and Security Officer at the United States Naval Air Station in Grosse Ile, Michigan.

Wm. A. Titus, Jr.

Prior to entering the service, Mr. Titus had been prominently identified with security trade associations, having been a director of the Security Traders Association of New York and a governor of the New York Security Dealers Association. In addition, he was formerly a director of Claude Neon Lights, Inc., and of the Scullin Steel Company of St. Louis.

Mr. Titus' return to F. J. Young & Co., Inc., was previously reported in the "Financial Chronicle" of Dec. 28th.

Brown Bros. Harriman Assets at New Highs

For the eigthth consecutive year, new high records for total assets and deposits are reported by Brown Brothers Harriman & Co., private bankers, in their year-end financial statement of Dec. 30, 1944. Total assets amounted to $180,612,121, compared with $167,555,691, on Dec. 31, 1943, and $176,766,919 on Sept. 30 last. Deposits increased to $160,895,415 from $147,304,540 on Dec. 31, 1943, and $156,310,176 on Sept. 30 last.

Capital and surplus of $13,605,284 compared with $13,525,284 at the close of the preceding year and $13,585,802 on Sept. 30, 1944. Loans and discounts were $38,982,822, against $41,522,247 a year earlier and $41,555,915 at the close of the September quarter.

Other important asset items compare as follows with the figures of Dec. 31, 1943, and Sept. 30, 1944: Cash, $38,129,179, against $36,597,482 and $33,073,616, respectively; United States Government securities, $59,515,927, against $59,531,362 and $62,990,324; State, municipal and other public securities, $33,703,939, against $18,045,624 and $28,361,523.

Now W. J. Dunn & Co.

LOS ANGELES, CALIF.—Effective Jan. 1, 1945, the corporate name of Longan, Dunn & Philleo, 621 South Spring Street, was changed to W. J. Dunn & Co., of which W. J. Dunn is President.

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Long Island Lighting Recap Plan

Long Island Lighting Company is both an operating and holding company, controlling Kings County Lighting and Queens Borough Gas & Electric Co., while the latter in turn controls Long Beach Gas and Nassau & Suffolk Lighting Co. Being somewhat overcapitalized, both parent company and subsidiaries have had difficulties maintaining preferred dividends; the parent company has an accumulation of over $45 on its 7% preferred; Kings County preferred has $6; Queens Borough $42; and Nassau & Suffolk $65.

Long Island Lighting has made no payments since 1938, although dividend requirements were substantially earned in recent years, because the Public Service Commission has required the company to charge off certain "income appropriations," largely to retire securities. Share earnings on the preferred stock were reported at $4.21 for the 12 months ended Sept. 30, but would have been nearly double that amount if figured before the special appropriations.

On Feb. 11, 1944, a petition was filed with the N. Y. Public Service Commission proposing to write down the par or capital value of each class of stock, to create a reserve to be available when a final determination is made as to depreciation reserve. Under the plan the 7% and 6% preferred stocks would be reduced to $60 par value by over-stamping, thus reducing the dividend rates to $4.20 and $3.60 respectively, although the arrears would remain unchanged. As partial compensation, preferred stockholders would receive 1 share of new common for each share of preferred held. Common stockholders would receive 1 share of new common (po par, stated value $5) for each 12 shares of old stock. Preferred stockholders would own 553,800 shares of new common, and the common stockholders 250,000; preferred stockholders would thus have a majority vote. The plan was approved by stockholders on April 26 but approval of the Public Service Commission was not announced until recently. On Dec. 16, following this approval, the company filed amendments to its Certificates of Incorporation and on the 19th the New York Curb Exchange admitted to unlisted trading the new preferred stocks and the new common stock (the old securities being removed).

Meanwhile, however, trouble for the company had been brewing in Philadelphia. Some of the preferred stockholders, dissatisfied with the plan, had filed a petition Nov. 10 with the SEC, asking the Comimssion to assume jurisdiction over the company as a holding company doing interstate business, and suggesting a recapitalization on the usual 1-stock basis. (The contention that it is interstate is apparently based on the fact that it supplies power to aviation or other companies which do an interstate business.) The SEC on Nov. 23 began proceedings against E. L. Phillips (Chairman of the Board) and several investment companies—Empire Power Corp., Eastern Seaboard Securities Corp., Lauridel Corp. and Delaware Olmstead Co.—to determine whether they exercise control over Long Island Lighting and are subject to registration under the Holding Company Act. A hearing was scheduled for Dec. 27.

Meanwhile, as noted above, the company proceeded to put its plan into effect, without awaiting the decision of the SEC as to its jurisdiction or any modification of the plan which it might wish to make. When the SEC discovered this, it quickly filed a complaint with the U. S. District Court, and a temporary injunction was issued by Judge Kennedy. After one day's trading in the new securities the N. Y. Curb Exchange ordered dealings suspended in the new (as well as the old) securities. On Dec. 21 the District Court changed its mind and denied the SEC petition, but the Commission immediately appealed to the U. S. Circuit Court of Appeals and won a second temporary stay. Hearings are now set for Jan. 8 in the Circuit Court.

According to a press report, the ban on dealings in all stocks of the company also applies to over-counter transactions, the transfer books having been closed pending outcome of the court proceedings. A "black market" appears to have developed over-the-counter (according to the daily sheets of the National Quotation Bureau) although there is apparently little, if any, trading.

On Dec. 18, the last day of trading in the old stocks, the 7% preferred closed at 80, the 6% at 73 (both up about 5 points), and the common at ⅞ths. On the 19th (the only day in which the new issues were traded on the Curb) the 6% preferred closed at 68¾ and the common 8¼, the combined value to the holder of old stock being 77, a 4 point gain and a new high for the year. Assuming that the plan should eventually be approved, the price of 68¾ would (based on the $3.60 dividend rate) return a yield of 5.27%. If a downward readjustment in income appropriations occurs (as seems likely in 1945) some earnings might be available for additional payments against the substantial arrears.

However, if the SEC is upheld by the courts and assumes jurisdiction, it seems likely that (based on previous plans approved by the Commission) any new plan might be on a 1-stock basis. In that event, it is possible that some further balance sheet adjustments could be made to eliminate part or all of the income appropriations and increase the amount of net income available for dividends. However, the New York Commission would doubtless retain jurisdiction also, which makes it hazardous to predict the outcome.

Interesting Developments In Pittsburgh Railways

A lucid and comprehensive analysis of the interesting complexities of the Pittsburgh Railways Company system, including a summation of possible developments in the near future, has been prepared by the Research Department of The First of New York Corporation, 70 Pine Street, New York City. Copies of this report in booklet form, are available upon request.

The Securities Salesman's Corner

1945 Should Be a Year of Opportunity For Securities Salesman.

By JOHN DUTTON

If there is one characteristic of the investment securities business that makes it stand apart from many other lines of endeavor, it is that when good years do come along they can make up for quite a number of slow ones. Other businesses also are subject to periods of extraordinary dullness and extremes of unusual activity — but few other vocations offer the salesman the opportunity to make up for lost time in a few good years as does the securities business.

Anyone who has studied the past, or who has lived through some of the lean years in the pursuit of a livelihood in this industry, understands only too well that good years don't last indefinitely. For that reason, the salesman who really knows something about past history, and has the correct outlook regarding his business, takes advantage of the good years in order to make up for those trying times which he has seen in the past, as well as those which may come again in the future.

Now, we are once again turning the corner, into a year that should be filled with increasing public interest in investment and the purchase of securities. For those who have really worked and put forth intelligent, constructive effort, the year 1944 seems to have been generally one of the best years in profits and sales volume, in a long, long time. Once again, public interest and confidence in the securities markets has been manifesting itself. A long period when most of the public stood aloof from investment in securities has now changed to a condition wherein an almost normal investment demand for securities is asserting itself.

Since it is the easiest thing in the world for any of us to let up and coast when the going gets good again, possibly this is as good a time as any other to resolve not to do it. Let us assume that the next twelve months will be months of continued and growing investment activity — if so, why not go to work and even beat last year's records. There is more to it than just increasing income, although that is important, as we all know. There is also the important matter of building a larger and more productive clientele. THE YEARS WHEN THIS CAN BE ACCOMPLISHED — WHEN REAL RESULTS CAN BE ACHIEVED — ARE THE GOOD YEARS. You can build a better clientele in one good year of investment activity than in three or four years of sub-normal business, such as existed back in the thirties. When people are in a buying mood—when they show an interest and have a desire for the product you are selling, THAT'S THE TIME TO GO OUT AND DO A JOB.

Building a clientele in the right way, planning your way ahead, doing a good job for your customers — that's the answer to what can happen as far as success goes in 1945, for every securities salesman in the business. Intelligent, constructive work can make this one of tthe best years we've had since 1936.

Tomorrow's Markets Walter Whyte Says—

Market still affected by New Year hangover—lots of things in the wind but market seems disinterested. Hold on until new signs appear.

By WALTER WHYTE

The New Year is a few days old and I just realized that I never told you about what the market will do for 1945. Thoughtless of me. Should have done it last week. But the fact remains, and I'll probably be barred from the prophets' union for this, I don't know.

* * *

I've taken a half dollar and tossed it a dozen or so times. Heads it's up; tails it's down. First I made it one toss. Then I made it two out of three. Finally it became four out of five. I practically came to a conclusion when it rolled into a crack in the floor. If you don't believe it I'll show you the crack.

* * *

So here I am with all of 1945 before me and without an idea of whether to buy, sell or go fishing. Except it's too cold for fishing. And anyway I don't fish.

* * *

I could write a couple of thousand words about eco-

(Continued on page 86)

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Unlisted Trading Privileges

(Continued from page 59)

care to present before the Commission as part of the data to be considered in the pending proceedings.

For the Commission, independently to prepare studies and present them as part of the evidence to be considered, we believe to be wholly unjust.

Again, there is the unfortunate condition wherein the Commission is compelled to pass judgment on a cause that by its attitude, is being espoused by its representatives. Until a division of duties is created which will make it impossible for the Commission to act as a judge in a matter to which it is in effect a party, there can be no guarantee of just and equitable results.

At this time we wish to commend the excellent effort made by the NASD in protection of securities markets generally.

Mr. Thayer's argument, we believe, was a particularly masterful one. It highlighted the distinctions between over-the-counter trading and trading in listed securities. Its explanation of the functions of the over-the-counter market is a fine example of a succinct, clear and comprehensive statement. He laid emphasis on secondary distribution, a trading market that stretches over the entire country, maintenance of a dealer market, the merchandising of securities (finding of buyers and sellers to take the securities bid and offered) and sales and customer relationships.

We believe this part of his argument dealing with the subject of over-the-counter functions should be in possession of every dealer and broker in securities.

Where attempts are made to encroach upon the over-the-counter market, by extending to any of its securities the "privileges" of "unlisted trading," these, in our opinion, should be some of the guides in determining the issues: (a) the general fitness of the particular securities involved for auction trading, this to include amongst other considerations, those of extent of distribution, size of the issue, the meeting of statutory requirements; (b) the desire of the issuer of the security. If the issuer of the security prefers that the same be traded in over-the-counter that should have an important bearing upon the determination; (c) the entire nature and in many instances, the contrast of the services rendered by the respective markets should be constantly borne in mind as well as the fitness of the particular securities for the appropriate markets.

We are deeply concerned in, and opposed to, the incursions attempting to circumscribe over-the-counter activities.

We believe these attempts pose a real danger to the retail market.

We believe that unless retailers and over-the-counter dealers and brokers generally adopt some protective program which will continue to segregate the markets and keep their respective functions independent, the time will come when there will be no over-the-counter market in the true sense and small business will no longer be able to raise capital through the sale of securities. The approach to such a condition, the direction towards it in which we seem to be heading, in our opinion, constitutes a disservice and is against the public interest.

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An Address by
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Railroad Securities

The railroad industry has closed another record year in point of freight ton miles, passenger miles, and gross revenues. Net profits, however, ran consistently month by month behind the levels of a year earlier. Taxes took a mounting toll, material costs continued on the upgrade, and the full impact of the wage increases was felt. Nevertheless, the net results were highly satisfactory by any standards. The Interstate Commerce Commission has estimated that net income amounted to approximately $667 million, compared with $874 million in the preceding year and the peak of more than $900 million realized in 1942. Dividends continued modest in relation to earnings, with most of available income again diverted to the reduction of debt. It is possible that as much as $500 million of debt may have been retired in 1944, which would bring the aggregate to below $9 billion.

Congenital bears on railroad securities have for more than a year contended that it was impossible to have advancing prices in the face of declining earnings. What they failed to take into consideration was that by and large railroad securities had never reflected the peak earnings at the time they were being reported, and that even with earnings declining there was sufficient net left to continue with the program of rapid financial improvement and debt retirement. In any event, in the face of lower earnings railroad securities in the past year have scored almost unbelievable price advances. From the end of 1943 to the close on December 29, 1944 the Dow-Jones average of rail stocks rose 44% to 48.30, second grade rail bonds rose more than 35% to 91.44 and defaulted rail bonds rose more than 35% to 45.43. Individual advances were much more spectacular. In the same period the Dow-Jones industrial average advanced less than 12%, to a close on Dec. 29 of 151.93.

The past record is gratifying to those who for many years have been urging a more realistic investment and speculative attitude towards rail securities. There is little profit, however, in looking back and dwelling on the past. The important question now is, Where do we go from here? To the extent that markets will be influenced temporarily by the trend and duration of the war the question is unanswerable. That fundamentals will justify further substantial price enhancement, particularly in the stock group, is, however, not open to question. Aside from the credit improvement that has already taken place, and which has been pretty fully reflected pricewise by second grade bonds but not by stocks, the railroads are still faced with at least a number of months of peak business. On the basis of present indications this period should continue, even with highly favorable war developments, through most, if not all, of 1945.

If business remains high, rail earnings will remain high. For the most part the maximum tax influence has been felt in 1944. Unless there is a change in the law, which is considered unlikely, taxes should not cut any more heavily into 1945 net. Increased wages have also been fully reflected in 1944 results. At the present time there appears to be a pretty good chance that another increase in wages will be requested. Whether or not it will be granted depends largely on general Government labor policies. In any event, however, any increases that may be granted will not be an earnings influence for some months to come. If they are finally granted they will come mainly from taxes and not out of net earnings. On this basis it seems conservative to estimate minimum 1945 net earnings at around $500 million (about the same as in 1941) with a strong possibility that they may amount to between $650 million and $675 million.

As it appears virtually certain that 1945 earnings will remain at high levels it is reasonable to assume that debt retirement and financial strengthening will also continue. To this will be added the influence of fixed charge reductions through debt refunding. These factors would alone warrant a more liberal market evaluation of an unchanged earnings level. Finally, with finances and debt structures so vastly improved there is every prospect of more liberal dividend policies this year.

Railroad Stocks Should Follow Railroad Bonds

Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, have prepared reprints of an address by Patrick B. McGinnis entitled "Railroad Stocks Should Follow Railroad Bonds." Copies may be had from Pflugfelder, Bampton & Rust upon written request.

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Wm. Rex a Partner In Clark, Dodge & Co.

Clark, Dodge & Co., 61 Wall Street, New York City, members of the New York Stock Exchange, announce that William M. Rex has become a member of the firm. Mr. Rex has been associated with Clark, Dodge since December, 1935, as manager of the bond department. For thirteen years prior to that he was with the Continental Illinois Co. of Chicago and its predecessor organization.

Mr. Rex's admission to partnership was previously reported in the "Financial Chronicle" of December 21.

Attractive Power Issue

Common stock of the Arkansas Missouri Power Co offers an attractive situation according to a memorandum prepared by Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange. Copies of this memorandum may be had from Cohu & Torrey upon request.

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Morgan Stanley Partner

Walter W. Wilson

Walter W. Wilson who, along with John Story Wright and Herbert S. Hall, was admitted to general partnership in Morgan Stanley & Co., Two Wall Street, New York City, members of the New York Stock Exchange, on Jan. 1. Mr. Wilson became associated with Morgan Stanley & Co. in June, 1937. He is a graduate of the University of Pennsylvania and the School of Business Administration at Harvard University. Formerly he was associated with the Continental-Illinois National Bank & Trust Co. in Chicago.

Reference to the admission of these new partners to the Morgan Stanley firm was previously made in the "Financial Chronicle" of Nov. 30.

Cannon Trading Mgr. For J. W. Gould Co.

Frank Y. Cannon is now associated with J. W. Gould & Co., 120 Broadway, New York City, in charge of their trading department.

Mr. Cannon was for some years a partner in the firm of J. K. Rice, Jr. & Co. He was President of the Unlisted Security Dealers Association of New York from 1931 to 1933 and later served as Vice-President and a member of the Board of Governors of the New York Security Dealers Association.

G. W. Walker in Boston

(Special to The Financial Chronicle)

BOSTON, MASS. — Guy W. Walker Jr. is engaging in a securities business from offices at 53 State Street. Mr. Walker in the past was a partner in G. W. Walker & Co.

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These bonds pay 4% fixed interest plus contingent cumulative interest payable Feb. 1 each year at the rate of 2% per annum. At the present time, unpaid accumulations total $6.60 for each $1,000 bond. The amount of interest payable Feb. 1, 1945, totals $30 ($20 fixed and $10 contingent). According to our analysis of this situation, we believe the total payment per $1,000 bond will be $36.60 as we expect earnings for 1944 to be sufficient to clean up the unpaid accumulation of $6.60. The earnings for 1944 would only have to exceed 1943 by about $18,000 in order that this payment can be made. We believe it quite possible that an additional amount above the $100,000 primary sinking fund might also be available.

The property has the benefit of the General Motors Corp. lease covering 13 floors and running to 1948. The assessed valuation of $6,975,000 is considerably in excess of the bonded debt of about $3,100,000. Ground rent now payable in the amount of $260,000 annually will be reduced $50,000 as of Oct. 31, 1945. This reduction will have a favorable effect on the total annual amount available for sinking fund.

In view of conditions it would appear that these securities around the current market are underpriced and are worth consideration on a yield and appreciation basis.

Special Offerings

. . . need care

Many obstacles stand in the way of the uninitiated when it comes to Special or Secondary distributions. You must know the guide books intimately. Any one of a dozen conditions can upset an offering with consequent loss to client and investment firm.

Familiarity with Blue Sky laws is essential—thorough understanding of the technique of stabilizing—awareness of State and Federal laws governing the sale of securities—Exchange regulations—control. "Control," under the Securities Act of 1933, is a big chapter in itself. The penalty for distribution of "control" securities without registration could be the revocation of a security firm's license. Obviously, experienced knowledge of these matters is vital.

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Municipal News & Notes

The new year gets off to a flying start in the new issue municipal market, with the opening weeks scheduled to be punctuated with a degree of activity not witnessed in quite a spell. Highlight of the business in prospect is the New York City offering of between $60,000,000 and $70,000,000 bonds, bids on which will be opened Jan. 16.

This will be the city's second appearance in the market since January, 1942. On the previous occasion, in August of 1944, the municipality awarded $13,740,000 Idlewild Airport bonds as 1¾s to a syndicate headed by the Chase National Bank of New York City. The bonds, due serially from 1945 to 1974 inclusive, were re-offered by the underwriters from a yield of 0.40% to a dollar price of 99.50.

Proceeds of the forthcoming large-scale financing, according to City Comptroller Joseph D. McGoldrick, will be used to pay for the completion of projects which had been in progress before the war began. Thus none of the fund is intended for projects and improvements included in the city's program of post-war construction. The bond issue in question will be in serial form, the maturity range being from 2 to 40 years. Average life of the loan will be 15 years.

The New York City offering, which will constitute the largest piece of municipal financing since Pearl Harbor, will be preceded by several other issues of substantial amount and of equal general market interest.

The initial transaction was completed yesterday (Wednesday), when the City of Roanoke, Va., sold $1,585,000 water bonds to a group headed by Shields & Co., New York City. The bankers named a combination of interest rates and the accepted bid figured a net interest cost to the city of 1.3629%. Re-offering was made from a yield basis of 0.30% for the one-year maturity to a dollar price of 96.25 for the 1975 series The issue consists of $1,015,000 non-callables, maturing from 1946 to 1974 inclusive, and a block of $570,000 maturing in 1975 and optional Jan. 1, 1965, at 102 and interest.

The City of Edmonton, Alberta helped to maintain the tempo of activity which has characterized the Canadian municipal market in recent months, having sold on Wednesday an issue of $3,500,000 refunding bonds. Not having been registered with the Securities and Exchange Commission, interest in the offering was confined exclusively to Canadian dealers.

Among the sales scheduled for today are the New York State portfolio offering of $5,676,000 local municipals now held by various State sinking funds and the $2,214,000 Rochester, N. Y., issue. The latter consists of relatively short-dated paper, the maturity range being from 1946 to 1951 inclusive.

The next substantial deal on the calendar consists of the $15,600,000 Loup River Public Power District of Nebraska, Eastern Division Electric Revenue bonds, proceeds of which will be applied to the redemption of an equal amount of outstanding district notes.

The bonds, bids on which will be considered Jan. 9, will mature semi-annually from July 1, 1945 to Jan. 1, 1951, and contain an optional provision.

The scheduled passing from private ownership of the Omaha utility system, incidentally, will complete municipal acquisition of all of the electric utility systems in Nebraska. The State of West Virginia will also be in the market on Jan. 9, having requested bids on an issue of $1,000,000 road bonds.

The next important item on the January list will be contributed by the City of Miami, Fla., which will consider bids Jan. 10 on an issue of $10,000,000 water revenue and revenue refunding bonds. The city was previously in the market on Oct. 26 last, when it disposed of $7,600,000 refundings to the Chase National Bank of New York and Associates. Purpose of this borrowing was to provide for the redemption of $7,623,000 3¾s of 1940 which have been called for payment on July 1 next.

On the same day of the Miami deal, Harris County, Texas, will open bids on an offering of $9,050,000 bonds for new construction, of which $3,800,000 will be for account of the county's Flood Control District.

Other material loans now in prospect for the rest of January include $1,500,000 Lebanon, Pa., water on the 15th; the New York City item of $60,000,000 to $70,000,000 on the 16th; $593,000 St. Clair Shores, Mich., also on the foregoing day; $500,000 Charlottesville, Va., on the 17th; $716,000 Union City, N. J., on the 18th; and the $1,500,000 Pittsburgh, Pa., refunding on Jan. 22.

U. S. Supreme Court Refuses To Review Port Authority-Triborough Bridge Cases

The United States Supreme Court on Jan. 2 refused the request of the U. S. Solicitor General for review by the court of lower court rulings which held that the Port of New York Authority and the Triborough Bridge Authority and, inferentially, similar other agencies, are political sub-divisions and that their bonds are, accordingly, exempt from Federal income tax laws. Immediately after the court's action was announced, over-the-counter quotations on bonds of the above-mentioned units advanced substantially. This was also the case with respect to obligations of the Pennsylvania Turnpike Commission, Delaware River Bridge Commission and the California Toll Bridge Authority.

A. P. Montgomery Co. Formed In New York

Announcement of the re-establishment of the firm of A. P. Montgomery & Co. at 150 Broadway, New York City, has been made by Austin P. Montgomery and Harvey G. King, who have been associated for many years as general partners. The firm was originally formed in 1926 and expects again to furnish the type of unlisted brokerage service rendered in the past, with special attention being given to the execution of orders in new issues of corporate bonds and preferred and common stocks.

Arnold Feldman Now With Hettleman & Co.

Hettleman & Co., 52 Wall St., New York City, members of the New York Stock Exchange, announce that Arnold Feldman has joined their organization as Manager of their Investment Department. Mr. Feldman for many years has been head of his own firm and has been in the investment business for nearly 25 years.

Kendrick Taylor With Journal of Commerce

Kendrick W. Taylor has joined the advertising staff of the New York "Journal of Commerce" effective Jan. 2nd. Mr. Taylor will cover the industrial advertising field. He was previously with Albert Frank-Guenther Law, Inc.

SAN FRANCISCO TRADING IN NEW YORK STOCKS

One hundred and forty-eight stocks traded on the New York Stock Exchange are also traded on the San Francisco Stock Exchange between the hours of 10 a. m. and 5:30 p. m. (E.W.T.)

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

Despite a deficit for the calendar year of 1944, estimated at $52,000,000,000, a sharp increase in currency in circulation and three War Loan Drives, the Government bond market closed the year with practically all of the obligations on the plus side, except for the shorter-term issues which declined due to approaching maturity or call. . . . This should be evidence enough of the controls that the Government has over the money markets. . . .

With considerable financing yet to be done, it seems reasonable to assume, based on the action of the Government bond market in 1944, that interest rates will remain as they are, or go to somewhat lower levels. . . . It may be that the Treasury, by the use of the 0.90% Notes and the 1¼% Notes, is preparing the market for a change in the rate of financing the war, which is entirely within their power. . . . Also the Secretary of the Treasury has indicated that the use of short-term obligations with low rates is suitable to their needs. . . .

PRICE RECORD FOR 1944

Price changes in United States Government bonds, during the year, were as follows:

		Closing Bid Price 12-31-43 in 32nds	Closing Bid Price 12-31-44 in 32nds	Price Changes in 32nds
2¾%	*9-15-1945-47	103.12	101.18	—1.26
2½	*12-15-1945	103.13	101.28	—1.17
3¾	*3-15-1946-56	106.7	103.25	—2.14
3	*6-15-1946-48	105.7	103.13	—1.26
3⅛	*6-15-1946-49	105.16	103.18	—1.30
4¼	*10-15-1947-52	111.25	109.18	—2.7
2	*12-15-1947	104.4	103.20	—0.16
2	3-15-1948-50	102.0	101.27	—0.5
2¾	*3-15-1948-51	106.20	105.31	—0.21
1¾	6-15-1948	101.8	101.8	---
2½	*9-15-1948	106.8	106	—0.8
2	*12-15-1948-50	104.8	104.10	+0.2
2	6-15-1949-51	101.16	101.24	+0.8
2	9-15-1949-51	101.11	101.22	+0.11
2	12-15-1949-51	101.8	101.20	+0.12
3⅛	*12-15-1949-51	110.4	109.23	—0.7
2½	*12-15-1949-53	106.17	106.29	+0.12
2	3-15-1950-52	100.30	101.16	+0.18
2	9-15-1950-52	100.20	101.8	+0.20
2½	*9-15-1950-52	107.1	107.13	+0.12
2¾	*6-15-1951-54	109.0	109.10	+0.10
2	9-15-1951-53	100.4	100.24	+0.20
3	*9-15-1951-55	110.31	110.26	—0.5
2¼	*12-15-1951-53	106.0	106.29	+0.20
2	12-15-1951-55	100.7	100.24	+0.17
2½	3-15-1952-54	103.18	103,31	+0.13
2	6-15-1952-54	Issued 5th War Loan	100.15	+0.15
2¼	6-15-1952-55	101.19	102.3	+0.16
2	12-15-1952-54	Issued 6th War Loan	100.10	+0.10
2	*6-15-1953-55	104.21	105.24	+1.3
2¼	*6-15-1954-56	106.21	107.23	+1.2
2⅞	*3-15-1955-60	111.16	112.22	+1.6
2½	3-15-1956-58	103.7	103.23	+0.16
2¼	9-15-1956-59	Issued 4th War Loan	100.24	+0.24
2¾	*9-15-1956-59	111.6	112.2	+0.28
2¾	*6-15-1958-63	110.28	112.2	+1.6
2¾	*12-15-1960-65	111.12	112.14	+1.2
2½	6-15-1962-67	100.12	100.25	+0.13
2½	12-15-1963-68	100.3	100.15	+0.12
2½	6-15-1964-69	100.0	100.11	+0.11
2½	12-15-1964-69	100.0	100.11	+0.11
2½	3-15-1965-70	Issued 4th & 5th War Loan	100.10	+0.10
2½	3-15-1966-71	Issued 6th War Loan	100.12	+0.12
2½	9-15-1967-72	100.10	100.20	+0.10

*Partially Tax Exempt.

TRADING FRATERNITY ACTIVE

Price movements during week were rather moderate in the Government market, although a good demand was noted for the long 2½s, the June 2% due 1952-54 and the new 2% due 12-15-52/54. The long-term partially tax exempts were firm with some interest being evidenced in the certificates of indebtedness. It is indicated that the dealers are carrying large positions over the year-end in anticipation of higher prices during the early part of 1945. . . .

Loans to brokers and dealers for purchasing or carrying Government obligations increased by $22,000,000 for the week ended Dec. 27, which seems to bear out reports that the "Trading Fraternity" have been adding to their holdings of these securities. . . .

It was reported that there was a substantial order in the market for the 2¾% due 6-15-51/54, with a large trade in this issue having been consummated near the end of last week.

FEDERAL'S HOLDINGS AT NEW HIGH

The year 1944 closed with the holdings of Government securities by the Federal Reserve System at an all time peak of $19,064,404,000. This represented an increase of $7,449,515,000, or 65%, over the figures reported at the end of last year. The largest gain took place in the system's holdings of bills, which went from $6,906,175,000 at the close of 1943 to $11,520,617,000 at the end of last year, an increase of $4,614,442,000, or 66%. Certificate holdings of the Twelve Federal Reserve Banks were up from $2,407,150,000 at the end of 1943 to $4,732,140,000 at the finish of 1944, an increase of $2,324,990,000, or 96%. Note holdings increased by $891,321,000 to $1,568,221,000 at the close of this year, a gain of 132%.

The system's holdings of Government bonds was the only classification to show a decrease during the year, and these securities declined by $381,238,000 to $1,243,426,000 at the end of 1944. This was a decrease of 23%. . . .

At the close of 1944, 85.3% of the total Government security holdings of the Federal Reserve System had a maturity of one year or less, with 8.2% in notes and balance of 6.5% in bonds. . . .

REESERVE BALANCES LOWER.

During the year just closed, money in circulation increased by $4,907,000,000 to an all time peak of $25,335,000,000, while gold holdings decreased by $1,365,000,000 to $20,639,000,000 from $22,004,000,000. Excess reserves of the system increased from $1,126,000,000 to $1,400,000,000. As is indicated by these figures, the increase in the volume of currency in circulation, and the decrease in gold holdings have tended to reduce reserve balances of the member banks during the last year. However, the Reserve authorites following the policy adopted at the outbreak of the war, of keeping the Government bond market orderly through open market operations, made reserves available to the member banks in 1944, through the acquisition of a considerable amount of Government obligations, notably short-term securities. . . .

RESERVE BANKS' CONTRIBUTION

In fact, at the end of 1944, of the total volume of Treasury bills outstanding, the Federal Reserve banks held $11,520,617,000, or 70%. Purchases of Government securities by Federal during 1944 amounted to $7,449,515,000, which made credit in that amount available to the System. This compares with the increase in money in circulation and decrease in gold holdings totalling $6,272,000,000, which took credit out of the system to that extent. . . .

Thus during the year purchases of Government securities by the Federal Reserve banks were $1,177,000,000 greater than the credit withdrawn from the System by these two factors, and was mainly responsible for maintaining excess reserves of the System. It is indicated that during the war the Federal authorities will continue this policy of furnishing member banks with the necessary reserves. . . .

New York City reporting member banks, during the year 1944, showed increases in their holdings of Government bonds of $1,498,000,000, with Treasury notes up by $1,729,000,000, while certificates gained by $253,000,000, with Treasury bills down by $654,000,000. The trend of investments in Government securities by these institutions during the year was decidedly toward the longer maturity, higher income obligations.

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H. Fisk Consolidating With R. W. Proctor

A new chapter in the history of one of the oldest banking houses in America, identified with U. S. Government financing since Civil War days, is written in the announcement of the consolidation of Harvey Fisk & Sons, Inc., 40 Wall Street, New York City, with R. W. Proctor & Co. as of Jan. 2, 1945. The business hereafter will be conducted as a partnership under the name of Harvey Fisk & Sons, dealers in U. S. Government securities and State and municipal bonds.

Harvey Fisk & Sons dates back to 1863. R. W. Proctor & Co. has been active in the Government and municipal field since 1933. Partners in the new firm are Martin G. Grunwald, Ralph W. Proctor, J. Ryan Smith and Harrison M. Haverbeck. Edward F. Wrightsman, active in municipals for the past 11 years, is manager of the municipal department.

Harvey Fisk & Sons traces its history back to Fisk & Hatch, organized in 1862, the name Harvey Fisk & Sons being adopted in 1886, following completion of the Central Pacific Railroad in which financing the firm took a leading part.

It was in the dark days of the Civil War that Harvey Fisk, then junior officer in a small bank, became associated with A. S. Hatch. In its early years the firm was prominent in financing U. S. Government requirements in the Civil War, when President Lincoln turned to the firm, and later in refunding Civil War loans and in financing the Spanish-American War.

Harvey Fisk & Sons also was active in financing not only the Central Pacific, first rail route across the Continent, but also many other principal trunk lines. In later years the firm financed American Locomotive and the Hudson Tubes.

Outlook Attractive

Grinnell Corporation, formerly General Fire Extinguisher Company, offers an attractive outlook, with no reconversion problem, according to a detailed study of the situation prepared by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of this interesting study may be had from G. A. Saxton & Co. upon request.

Kimm & Co. to Admit

Kimm & Co., 120 Greenwich Street, New York City, members of the New York Curb Exchange, has admitted Walter E. Kimm, Jr., to partnership, as of Jan. 2nd.

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number seventy of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Post Bellum!

This recorder has received a copy of a letter addressed by the chairman of the board of this company, Schenley Distillers Corporation, to its president, vice-president in charge of production and vice-president in charge of sales. His letter states in part:

* * * * *

"Our first obligation is to give the returning veteran who left his job with Schenley to join the Armed Forces, full opportunity of reemployment with the company. Our next obligation is to give every returning war veteran every possible opportunity of employment with Schenley consistent with fulfillment of our responsibility to present employees of other than war replacement status.

"Every available position should be earmarked for the returning veteran, whether it is in Sales, Production, Research, New Products, Office—the entire gamut of our business.

"When this tragedy of war is over . . . it should be the aim of Schenley, in its every component part, to be staffed by veterans in every possible position, so that this company will be an organization willing to give veterans every possible, true opportunity.

"I would like to see a policy adopted which accords with the foregoing for the guidance of the entire Schenley company. This policy should be so broad, so human, so attuned to the times, that it will merit the respect of everyone in our present organization, of the returning veteran, of the Government, and of the public, and gain happiness for us, through its accomplishment."

* * * * *

The statement above was not intended for publication, but it is too good to withhold. It is an expression of the spirit of modern American business which augurs well for the future well-being of our country.

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FREE—*Send a postcard or letter to Schenley Distillers Corp., 350 Fifth Ave., N. Y. 1, N. Y. and you will receive a booklet containing reprints of earlier articles on various subjects in this series.*

Aircraft and Radio Situations of Interest

Fred W. Fairman & Company, 208 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange, have prepared interesting analyses of Interstate Aircraft & Engineering Corporation, Garrett Corporation, and also have for distribution a brochure on the Magnavox Company. Also available is a recent analysis on the Columbus Venetian Stevens Building 3%-5%. Copies may be had from Fred W. Fairman & Company upon request.

Now Clayton Securities

BOSTON, MASS.—C. Comstock Clayton has formed the Clayton Securities Corporation, 82 Devonshire Street, succeeding to the business of C. C. Clayton & Co.

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Memo on Request

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Pennsylvania Brevities

Outlook for 1945

Pennsylvania securities dealers and distributors, not unlike those throughout the country, look forward with confidence and optimism to operations in the New Year. It is pointed out that national income in 1945 is not likely to vary greatly from record breaking 1944 figures. While not much may be expected in the way of tax amelioration, either individual or corporate, it is conceded that no increases are anticipated. Thus funds seeking investment will continue to constitute a steady, upward pressure on security price levels. New financing has been and will continue to be largely in the form of refunding operations. Equity financing on a substantial scale is out for the duration. Under these circumstances, the quest for equities establishes a demand which exceeds the diminishing supply.

Analysts are quick to point out, however, that as the war approaches its final and decisive stages, the necessity for careful selection becomes of increasing importance. Tremendous stockpiles of war materials and supplies are an inevitable necessity. In fact, they constitute a vital factor in bringing victory closer. Despite careful and intelligent fore-planning, a European peace is bound to bring about major dislocations in labor and industry. Virtually all war production has useful peace-time application, but the problems of reconversion will not fall equally upon all elements of individual industries.

Thus the investor is in particular need of sound guidance. Properly advised, he will likely find, in 1945, a continuation of the specialized advances witnessed last year.

York Corporation

Continuing to forge ahead in the field of refrigeration and air conditioning, this Pennsylvania manufacturer is engaged in capacity production, almost all of which is directly or indirectly related to the war effort. Yet its reconversion problems are considered negligible since less than 2% of its productive floor space has been converted to the manufacture of equipment extraneous to its peacetime activities.

For the fiscal year ended Sept. 30, 1944, the Company's annual report disclosed the following highlights:

Sales qualified for profit, $34,106,874, compared with $31,393,281 in 1943.

Net earnings, $729,838, or 78 cents per common share, after $240,000 special reserves and $2,386,083 Federal and State taxes on income.

New business booked, $41,435,415. Preceding year, $34,462,556.

Uncompleted orders at year end, $27,139,922, compared with $24,683,556.

Net working capital at year end, $13,703,595.

Last week, the U. S. Circuit Court refused to review the case of three minority dissenting holders of York Ice Machinery Corp. 7% preferred who sought to invalidate the company's plan of reorganization and merger, consummated last year. The dissenters will be forced to accept the previously determined appraisal price of $90 per share for their holdings.

John B. Stetson Company

Operations for the fiscal year ended Oct. 31, 1944, showed modest gains over 1943 results. Consolidated net sales were $16,850,819, compared with $16,251,831. Consolidated net income, after reserves for depreciation, contingencies and Federal, State and Canadian income taxes, was $458,731, equivalent to approximately $1.14 per share.

During the year the company acquired by purchase, 6,895 shares of its 8% preferred stock and 13,873 shares of common. The preferred so acquired has been cancelled and the common shares are held in the treasury at cost.

In the last quarter of the 1944 fiscal year, the company completed all contracts for various types of heavy webbing and other war materials, and, on Oct. 31, had no contracts or inventory of raw materials or finished goods for the armed services. Because of difficulties in obtaining materials and in maintaining an adequate working force, the company has not been able to meet the greatly increased demand for Stetson hats. Distribution in the United States and in foreign markets continues to be on an allotment basis.

Pennroad vs. Penna. RR.

At the next meeting of Pennroad directors, Jan. 10, it is expected that company counsel will advise on a future course of action in respect to a judgment of $22,104,515 awarded Pennroad against Pennsylvania Railroad by Federal Judge George A. Welsh and now set aside by the Circuit Court of Appeals. It is pointed out that Pennroad can ask the Circuit Court for a reargument, ask the U. S. Supreme Court for a review, or seek to retry the case in the Delaware Court, where it originated.

The ruling setting aside the $22,104,515 award has no effect upon the financial statements of either company, since both carried the item in their annual reports as "pending litigation."

Pittsburgh Railways Company

In an action taken to speed up reorganization proceedings of the Pittsburgh Railways Co., but which may serve only to further complicate matters, eight bondholders of underlying companies last month petitioned Federal Judge R. M. Gibson to have Philadelphia Company, traction company parent, barred from sharing or participating in the assets of Pittsburgh Railways Co. and its underliers. The petition also asked that the underlying companies, net at present under court jurisdiction, be made a part of proceedings.

Neither of the petition's aims are particularly new. The City

(Continued on page 67)

Pennsylvania Municipals

By EDWARD W. KLING

The new year seems to be getting under way with a more optimistic tone than has prevailed for the last three or four months. The market at slightly lower levels appears to be strong and most of us hope and expect that the period of lethargy we have witnessed will soon end and normal trading ensue.

Edward W. Kling

In the Pennsylvania municipal mart very little money was made by buyers of new issues during the last half of 1944. After a period of waiting some dealers reduced prices on their holdings and disposed of the bonds with slight losses. Others are still hopeful and some made a little money. Nevertheless bidding is still very brisk and municipalities are obtaining exceptionally favorable prices.

The Over-the-Counter market was somewhat more lucrative, however, particularly with respect to Authority obligations. These afford a much better yield than the general obligations and, in a majority of cases, in our opinion, the spread is much greater than the risk.

The Pennsylvania Authority Act permits the creation of such bodies for certain specified purposes. Three issues predominate in this field at the present time and have a far-reaching market namely the Pennsylvania Turnpikes, the Philadelphia-Camden Bridge and the Easton-Phillipsburg Bridge. With these exceptions, almost all of the other authorities created have been for either water or sewer purposes.

Unlike other States, the Pennsylvania Act does not provide for the establishment of agencies to acquire gas or electric properties. However, it is not only possible but distinctly probable that these fields will be included within the scope of the Act in the future. In some States these utilities operate in comparatively restricted areas, or in fairly large areas serving a relatively small population.

In Pennsylvania, however, almost all of the electric and gas properties serve large areas and embrace several counties and a great volume of consumers. While it may be true that this State has not pioneered in this field, it is not unlikely that taxpayers will benefit to an even greater extent because of this fact.

Tennessee has been a notable example in the creation of successful authorities services by the earnings of electric properties. An outstanding example has been the City of Chattanooga. As a municipal credit, this city, with a Moody Rating of Baa on its general obligations, is only fair. In 1939 it acquired from Commonwealth and Southern the electric properties serving the city and to finance the acquisition, sold $13,200,000 bonds. Of this amount, $6,040,000 of the bonds were redeemable at a premium. As of Dec. 1, 1943, the bonds were called and refunded with a new issue at a considerable saving in interest.

The market being favorable and the operations of the property so profitable, they were again able to call these latter bonds on June 1, 1944, and again refund with further saving in interest.

Nashville and Memphis have also done well in this respect. The results, of course, will be in a few years the elimination of utility debt and either very cheap utility rates or reduction in other forms of taxation, any or all of which will be beneficial to the citizen.

Brown Bros. Harriman Century in Boston

BOSTON, MASS.—Brown Brothers Harriman & Co., private bankers, observed the 100th anniversary of the founding of their Boston office on Dec. 31, 1844, by Thomas B. Curtis, grandfather of Louis Curtis, the present Boston partner. The firm had been established in Philadelphia in 1818 and in New York in 1825.

The history of the firm in Boston covers a period during which the city has grown from a mercantile and shipping center with a population of about 100,000 to become a leader in the financial and industrial development of the nation.

Shortly after the opening of the Boston office, now located at 10 Post Office Square, and soon after the British Government had established the Cunard Line, the firm placed in operation the Collins Line of steamships, the first trans-Atlantic line set up in the United States. As business developed, it financed the shipments of other merchants. After a time, this phase of its operations expanded to such an extent that it sold its merchandising business and confined itself thereafter to the financial field. As private bankers, it accepts deposits, provides checking facilities, grants commercial loans, issues commercial and travelers' letters of credit, does a general acceptance business, and deals in foreign exchange. It acts as fiscal agent for corporations and governments, holds securities in custody for others, maintains an investment advisory service, purchases and sells securities for others, as broker for a commission, but does not engage in the underwriting business or in the sale of securities to the public.

The latest published report of Brown Brothers Harriman & Co. showed total assets on Sept. 30, 1944, of $176,766,919. Deposits aggregated $156,310,176 and capital and surplus amounted to $13,585,802.

Post-War Job Requisites

Guaranty Trust Company Formulates Specific Measures Required for Full Employment. Calls Measures of the Nineteen-thirties Unsatisfactory.

Calling jobs the most important post-war business problem, the Dec. 27 issue of the "Guaranty Survey," published by the Guaranty Trust Company of New York, reviews the pre-war efforts in creating jobs and concludes that the results of these measures were complicated and obscured by the numerous types of social reform and experimentation upon which the Government embarked and holds that the method of supplementing the supply of jobs during the nineteen-thirties by the expenditure of large amounts of public funds was unsatisfactory and should be avoided in the post-war period.

"In one important respect," continues the "Survey," "the war marks a continuation and intensification of the pre-war trend. Employment is still supported by the Government, through wartime activities, and to a vastly increased extent. It is not strange if there are misgivings as to what may happen when this support is withdrawn.

"It seems to be generally agreed that the readjustment to peacetime conditions and needs will be difficult and may involve a considerable amount of temporary unemployment. There is a widespread support also for the view that, once the major phases of the reconversion are completed, the deferred demand and the accumulated purchasing power of wartime will be powerful stimulants to production and employment. These war-created influences, however, will pass off, leaving government and business face-to-face with the crucial question: Have the conditions that prevented recovery in the nineteen-thirties been removed, and if not, is there a clear and early prospect that they will be?

Continuing Obstacles

"It would be pleasant to answer this question in the affirmative, but difficult to support such an answer in the light of the available evidence. This is not because, as some commentators assert, ours is a 'mature' economy in which scarcity has given way to abundance and free private enterprise is no longer capable of providing adequate employment. As far as we know or have any reason to believe, private enterprise is as inherently capable of providing employment as it ever was. It is because there has as yet appeared no prospect of substantial change in the public policies that created such an uncongenial economic environment during the pre-war decade, and that may well have been, as so many business men and economists believe, the decisive factor preventing our economy from reestablishing itself on a prosperous basis, as it has so often in the past.

"It is true that some Congressional leaders are insisting on the necessity of reducing taxes and balancing the Federal budget as soon as possible after the war. More convincing evidence, however, is the fact that Federal, State and local governments are already planning to spend billions of dollars for public works, and that no serious effort is being made to repeal or amend the legislation, or to abandon or modify the administrative policies, that business men hold responsible for the lack of economic vitality exhibited during the nineteen-thirties. On the contrary, political commentators declare that the post-war era is likely to bring renewed emphasis on the 'Leftist' tendencies that, in the aggregate, spell the very environment of which business men complain.

"If such predictions are true, it is much to be feared that the efforts of private enterprise to furnish jobs will encounter the same obstacles after the war that they did before the war, and that the Government will again consider itself obliged to fill the gap by spending billions of borrowed dollars. No one doubts that jobs can be provided in that way, if enough money is spent. In fact, we are now seeing the most convincing proof ever offered that governmental borrowing and spending on a large enough scale can raise employment and national income to almost any level within the physical capacity of a country. The essentially temporary character of this process, however, would seem too obvious to require emphasis. If long continued, the practice must lead either to political and economic disorder or to increasing regimentation, merging by perhaps imperceptible degrees into totalitarian control.

"This is certainly not what the American people want. They want jobs under a system of free enterprise. But they do not yet realize, apparently, that free enterprise can give jobs only if it is truly free—free to prosper, free to expand, and free to manage its own affairs.

Specific Needs

"When business men are asked what specific measures should be taken to set up an environment in which they can operate successfully, as they have in the past the individual answers vary to some extent, but the list is substantially as follows:

"Wartime taxes and restrictions should, of course, be abolished. The double taxation of corporate dividends should be eliminated. Surtaxes on individual incomes in the higher brackets should be drastically reduced. The capital gains tax should be repealed. The Federal tax structure as a whole should be simplified and stabilized. Taxation should be used solely as a means of raising revenue, not as an instrument of social reform. The theory of compensatory Government spending—spending not to provide relief but to create prosperity—should be abandoned.

"The National Labor Relations Act should be amended to prescribe equal treatment for management and labor. Regulatory policies tending to force the 'closed shop' on business should be abolished. Labor unions should be subject to public regulation, as corporations are. Regulations in the field of wages and hours that tend to discourage individual initiative should be modified.

"All rulings of administrative boards should be made subject to court review. The practice of delegating legislative power to administrative agencies should be discontinued.

"The granting of credit and other forms of governmental competition with private business should be reduced to a minimum.

"The gold standard should be promptly re-established, particularly for international transactions.

"The regulation of new security issues should be liberalized.

"Public policy in general should reflect an attitude of impartiality as between groups of citizens, and of respect and sympathy for honest business, whether small or large.

"These are the principal steps that business men generally consider necessary to enable them to fulfill their public obligations. They are the answer to the statement, so fashionable in recent years, that, if private enterprise cannot provide jobs, government must. Private enterprise believes that it can provide jobs in abundance if it is given a chance. And if the American people want both jobs and freedom, they must give private enterprise that chance."

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Pennsylvania Brevities

(Continued from page 66)

of Pittsburgh, in October, 1942, filed a petition with the District Court seeking to have the court assume and exercise jurisdiction over all the underlying properties. To date, no action has been taken on this petition, which, in some legal circles, is held to involve points of new and unwritten law.

In respect to subordination of its holdings by court order, the Philadelphia Company is prepared vigorously to oppose such procedure, posssibly for fear of being "Deep Rocked" out of its very substantial investment. There are strong indications, however, that Philadelphia Company may be willing voluntarily not to press its claims against Pittsburgh Railways Co., provided an otherwise satisfactory solution may be found.

Following last month's decision of the Pennsylvania Supreme Court, directing Philadelphia Company to pay income taxes, theretofore disputed, in connection with its guarantee of performance in respect to certain leases, Monongahela Street Railway Co. and Pittsburgh & Birmingham Traction Co. have mailed checks to stockholders for one year's accumulated unpaid dividends at the rate of 4½% and 5%, respectively. Directors of two other "guaranteed" companies, Suburban Rapid Transit Co. and Pittsburgh Incline Plane Co., are withholding dividend declarations pending assurance that the respective tax bills have been paid.

It is reported that Kuhn, Loeb & Co. and Smith, Barney & Co. are forming an investment banking group to bid for any new securities that Philadelphia Company may offer for sale in connection with a refunding of its higher coupon obligations. Present funded debt is represented by approximately $48,000,000 collateral 4¼s, 1961.

Testimony on the SEC-approved Standard Gas & Electric Co. reorganization plan was heard before the Federal Court in Wilmington on Dec. 20. Objections were voiced by the Guaranty Trust Co., as trustee for the company's debentures, and by an independent debt holder. It was pointed out that since no elements of bankruptcy are involved, Standard Gas & Electric debenture holders are entitled either to retain their investments or to receive the call price, in cash. Compliance with the provisions of the Holding Company Act, under which the reorganization plan was deemed necessary, does not invalidate the simple, fundamental laws of contract. The court granted opponents two weeks in which to prepare and file briefs. The S.E.C. will not file a brief but will have until Jan. 15 to answer opposing briefs.

Pennsylvania Public Utility Commission has approved sale by Metropolitan Edison Co. of its gas properties to Allentown-Bethlehem Gas Co. and Harrisburg Gas Co. for $1,425,000. Allentown-Bethlehem Gas Co. has been authorized to issue a $600,000 5-year 4% note and $600,000 in common stock.

Settlement of when distributed contracts in Philiadelphia Electric Co. common stock, postponed from Dec. 27, will be made on Jan. 5.

The S.E.C. has approved the purchase by John H. Ware, III, Oxford, Pa., for $250,000, of Consolidated Electric & Gas Co.'s holdings in two subsidiaries, Bangor (Pa.) Gas Co. and Citizens Gas Co. of Stroudsburg.

Hajoca Corp., manufacturers of plumbing supplies and fixtures, announces the purchase of James Supply Co., Chattanooga, bringing to 31 the number of Hajoca distributing branches. The firm operates three manufacturing plants on the Atlantic seaboard.

As of the first of the year, changes announced by the Federal Reserve Bank of Philadelphia are as follows: Resigned, Philip F. Coleman, assistant vice president, to become vice president, First National Bank of Phila.; James M. Toy, assistant cashier, retired. Appointed, William D. Cobb, head of transit department, to succeed Mr. Toy; Walter H. Wray, to succeed Mr. Cobb.

Baldwin Goodwin With Stein Bros. & Boyce

BALTIMORE, MD. — Baldwin Goodwin became associated with Stein Bros. & Boyce, 6 South Calvert Street, members New York Stock Exchange, effective Jan. 2, 1945.

Mr. Goodwin has for many years been connected with the investment banking business in Baltimore, having served as Manager of the Baltimore office of W. E. Hutton and Company prior to entering the armed forces in April, 1942.

Mr. Goodwin served as a Major in the U. S. Army Air Force both in the European theater and this country.

Thayer, Baker & Co. Appoints Officers

PHILADELPHIA, PA.—The investment firm of Thayer, Baker & Co., Commercial Trust Bldg., announces the appointment of John E. Fricke as Vice-President and John M. Hudson as Assistant Secretary. Mr. Fricke, who has been with the company for the past 14 years, is in the sales department, while Mr. Hudson has been with the company for 17 years and is in charge of their trading activities.

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Restoring Stable Moneys And Foreign Exchange

(Continued from first page)

ments and promises will not establish sound and dependable currencies. Efforts to legislate or decree monetary values by governments have a complete record of failure. The entire records of coin clipping and stamping coins and paper moneys with values which they did not represent fails to reveal a single case of either legal or economic success.

Functions of government in restoring stable moneys seem to be that of first establishing a government in which both the governed and foreign peoples have confidence in its integrity. Such a government can then proceed with the cooperation of the people to set up dependable standards. One of these standards will have to be money. A money must have a unit measure of some well known and universally accepted value such as so many grains of fine gold. The number of grains of gold in the money unit should be adopted to custom and convenience. For foreign exchange purposes the size of the unit is of no importance. In free markets two moneys will exchange for each other in the same ratio as their physical contents, varying only to the amount of the costs of other means of delivering cash payments. The laws of the countries of the respective governments can fix the size of the money units and help create the confidence whereby the currencies of the countries will maintain the value of the standards into which they are convertible. But the laws of any country can never maintain the value of a currency once the people either at home or abroad have lost confidence in its conversion value. While it is the function of law and government to do what it can to maintain the economic and social conditions in which sound money can live, at times these conditions may be outside of the powers of the best informed economic management. Wars, foreign crises, domestic revolutions, famines, and foreign trade barriers may upset the currency stabilization of any country. Restoring stable moneys under these conditions may have to be delayed until these conditions are righted. In fact what people mean when they speak of the gold standard or the foreign exchanges breaking down in 1914, or in 1930 or 1939 is that the world economic conditions were in such undependable relations that the gold standard and the established foreign exchange systems could not function. This of course resulted from war upsetting contract performances, and over extended debtor obligations which could not be met under the economic and political conditions of the times. Instead of the exchanges breaking down, law, order, integrity, and governments had broken down. Once order, integrity and simple honesty have been restored in governments and social institutions the establishment of sound and dependabie moneys can easily follow as a matter of routine and square dealing.

There are of course other matters or legal and government regulations which must be corrected before stable currencies can perform their functions in international trade. To establish sound or convertible currencies will not restore free markets between countries unless the other major barriers are removed. Here are conditions which are mainly the work of misguided law and government and only the correction of these unfortunate laws and directives can restore the conditions in which the international exchanges can functions smoothly. Among these unfortunate laws are such as extraordinary and unnecessary tariffs, both government and private cartels, two-currency systems, dual-price systems, quotas, bilateral trade quotas, and a host of other legalized practices far more damaging than tariffs. Most people seem not to know about other ways of restricting trade in addition to the tariffs. A devaluation of the currency has the same effect as a proportionate tariff against all foreign goods. A two-price or two-currency system may discriminate only against such countries as allow these arts to be practiced upon them. But the restoration of sound moneys, stable exchanges, and free markets which will provoke increased production and trade all over the world can not take place until many other legal and government barriers are removed. Some of the conditions necessary within the domestic economy of each country for restoring sound currency and exchange conditions are balanced budgets, the eradication of inflated currencies and credits, free markets, eliminating of deficit financing, debts refunded into the hands of investors and out of the currency and credit collateral use now being made of government debts, and free interest rates governed only by the conditions of free money markets and the demand and supply of capital. Any attempt to superimpose new and controlled money upon the present chaotic currency conditions in the money markets throughout the world will only result in another demonstration of the power of Gresham's Law, an economic law, over any legal or political rule or regulation—

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Plan of Reorganization of

SEABOARD AIR LINE RAILWAY COMPANY

NOTICE THAT PLAN HAS BEEN DECLARED OPERATIVE

To Holders of Securities Called for Deposit under Plan of Reorganization of Seaboard Air Line Railway Company:

Pursuant to the provisions of the Deposit Agreement, dated as of October 1, 1944, between the undersigned Reorganization Committee and holders of securities who shall become parties thereto as therein provided, the undersigned Reorganization Committee hereby gives notice that it has declared the Plan of Reorganization of Seaboard Air Line Railway Company operative as to all classes of securities for which provision is made in said Plan.

Any depositor may withdraw from said Deposit Agreement at any time on or before February 3, 1945, by surrendering his certificate of deposit in negotiable form to Chemical Bank & Trust Company, the Depositary, at the address below.

Depositors who do not withdraw from said Deposit Agreement on or before said date will have no right to withdraw therefrom thereafter except upon the happening of one of the events giving rise to a right of withdrawal which are specified in said Deposit Agreement.

Holders of more than two-thirds (66⅔%) of all securities outstanding in the hands of the public which have been called for deposit under the Plan have accepted the Plan by depositing their securities with the Reorganization Committee or with one of the Committees which have approved the Plan. **It is important, in order that consummation of the Plan may be expedited, that the remaining outstanding securities be deposited promptly with the Depositary or one of the subdepositaries named below.**

Dated New York, N. Y., January 4, 1945.

TRISTAN ANTELL, *Secretary*
40 Wall Street, New York 5, N. Y.
LEONARD D. ADKINS, *Counsel*
15 Broad Street, New York 5, N. Y.

OTIS A. GLAZEBROOK, JR.,
JOSEPH FRANCE,
CHARLES MARKELL,
Reorganization Committee

DEPOSITARY

Chemical Bank & Trust Company,
165 Broadway, New York 15, N. Y.

SUBDEPOSITARIES

The First National Bank of Chicago,
38 So. Dearborn Street,
Chicago 90, Illinois.

Mercantile Trust Company of Baltimore,
Calvert & Redwood Streets,
Baltimore 2, Maryland.

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Philadelphia 2, Pennsylvania.

Old Colony Trust Company,
43 Milk Street,
Boston 6, Massachusetts.

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that bad money drives out the good money.

An International Money

The many suggestions and legal and international documents propounding ways and means of setting up an international currency or a scheme of international currencies which can be juggled at will all seem to lose sight of the fact that the world has had an international money that has worked rather well so long that history is not able to establish the date of its origin. We have very good records of the use of gold for both domestic and international exchange purposes in ancient Egypt, Assyria, Greece, Babylon and other countries. The use of gold and silver as money is found throughout the Old Testament, and as early as 550 B.C. records of coining gold and silver into money are well established. Nothing else seems to have functioned successfully as a means of international payments or measure of values. This appears to be because there are few if any other metals or commodities of such universal acceptability, and available in supply needed with such large value in small bulk and other characteristics adaptable for money use. Paper money, government credits and promises have a notorious record of failure in general acceptability for any very long period of time. Until governments and their legal systems establish a reputation for dependability, and until their credits and their bonds become as dependable as gold, it seems that gold will continue to be in demand for international exchange purposes. It would seem from the present state of government paper moneys and debts that gold will hold the preferred place in international money values for some generations to come.

In 1869 Walter Bagehot urged in numerous articles an international or universal money. He assembled some of these articles in a book called "A Practical Plan for Assimilating the English and American Money as a Step Toward Universal Money." He saw the advantage of a currency or coin that would have universal circulation in addition to the unifarmity brought about by the universal acceptability of gold in settling exchange balances. But in Bagehot's recommendations of a universal coin or international money he had in mind strictly sound money in the accepted sense. Bagehot's ideas of money had an integrity that would not fit into modern currency juggling or the proposed international schemes of reconstructing the currencies of the world. This paragraph seems to sum up his ideas of money:

"Money seems to do what nothing else will do. Those who have it need nothing else, for it will buy everything else; those who are destitute of it are eager to get it, for without it they may on occasions be unable to obtain what they most want. Money is the universal procurer, the one thing by which you are sure of everything, and without which you are sure of nothing. It seems proof against time, too; other things are less valuable today, though you only bought them yesterday; but money is never 'second hand.' You may hoard it for years, and be sure it will be as good when you extract it as it ever was at first. Government is the only maker of this magic and consequently the prerogative of making it seems half magical, too. As an impressive and penetrating advertisement of royal power the 'image and superscription' had, and even has, a curious efficacy."

Legal Rules and Government Promises Can Not Establish Exchange Relations Or Provoke Trade—But They Can Destroy Both

International exchange is governed by every definite economic laws or rules of value. Some of these economic rules may be mentioned here: (1) Exchange between two countries with currencies convertible into gold and with free markets, the price of the two currencies, one to the other can not vary more than the costs of shipping gold. (2) The exchange between a gold standard country and a silver standard country varies with the changing relative prices of gold and silver. (3) The exchange between the gold or silver standard and a managed paper currency standard varies with the changing price of the metal in terms of the paper money. This instability of paper money results from the fact that the money in itself has no value, but fluctuates with its buying power and every economic and political threat that occurs. It is provocative of instability, and foreign commitments in a country with an inconvertible currency will be limited to the speculative and large profit opportunities. Nothing could be more destructive of international trade. International trade depends on credit, and long term credit is not practical with uncertain values of money. (4) Exchange between two inconvertible currencies in free markets will be limited for the most part to cash barter trades and speculation in transactions with large enough profits to tempt extreme risks.

It seems quite possible that a country with sound economic conditions could manage its currencies within relatively stable limits of fluctuations and build up a measure of trade relations with the necessary credit terms. But a country with a sound economy suitable for these conditions will find it unnecessary to maintain an inconvertible paper currency. The trade advantages of a convertible currency or paying international balances in gold or its equivalent will be found so great that any country economically capable of meeting these conditions will cling to the international gold standard because of its commercial advantages. Laws and governments can be of great help in bringing about the economic freedom in which trade can flourish and sound money exchanges based upon gold can be maintained against all except the extraordinary crises. But to legislate or decree money values, and at the same time maintain unstable domestic financial conditions and controlled trade, price and currency relations with other countries will reduce foreign trade to the minimum on a cash and carry basis.

Bettman & Reilly Formed

The firm of Connell & Bettman has been dissolved by mutual consent, and a new firm, Bettman & Reilly, has been formed by Clarence A. Bettman and Joseph J. Reilly, to act as stock specialists on the New York Curb Exchange, of which both Mr. Bettman and Mr. Reilly are members. Offices of the firm are at 115 Broadway, New York City.

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Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

Two of the largest and strongest of American stock fire insurance companies are Home Insurance Company, New York, and Insurance Company of North America, Philadelphia. Both stocks are prime favorites with dealers and investors. Based upon their Dec. 31, 1943 statements (latest available), they compared in size as follows:

	Policyholders' Surplus	Net Premiums Written	Total Admitted Assets
Home	$66,563,000	$61,549,000	$132,107,000
Insurance of N. A.	88,900,000	39,256,000	136,346,000

It will be observed that although total admitted assets and policyholders' surplus (i.e. capital and surplus) of Insurance Company of North America are larger than are Home's, yet the latter company writes between 50% and 60% more premium business than does the former. To put it another way and to be more specific, for each dollar of capital and surplus Home writes approximately 92.5 cents of premium business compared with only 44 cents for Insurance of North America. This difference in operating policy is very striking, and it seems worthwhile to inquire into the relative effect these two policies have on earnings, market and gain to the investor. Operations for the past five years will now be examined and compared.

Comparative Analysis

New York Bank Stocks
1944

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HOME INSURANCE COMPANY

Year—	Net Underwriting Profits	Net Invest. Income	Federal Inc. Taxes	Total Net Oper. Profits	Dividends
1939	$3,268,000	$4,638,000	$1,458,000	$6,448,000	$4,800,000
1940	1,092,000	5,040,000	383,000	5,748,000	4,800,000
1941	1,896,000	5,432,000	34,000	7,294,000	4,800,000
1942	605,000	4,995,000	2,767,000	2,833,000	4,800,000
1943	5,613,000	4,504,000	3,392,000	6,726,000	4,800,000
Total	$12,474,000	$24,609,000	$8,034,000	$29,049,000	$24,000,000

INSURANCE COMPANY OF NORTH AMERICA

Year—	Net Underwriting Profits	Net Invest. Income	Federal Inc. Taxes	Total Net Oper. Profits	Dividends
1939	$3,245,000	$4,513,000	$750,000	$7,009,000	$3,000,000
1940	3,664,000	4,875,000	1,124,000	7,414,000	3,300,000
1941	4,253,000	5,327,000	1,258,000	8,322,000	3,600,000
1942	3,888,000	5,410,000	2,334,000	6,964,000	3,600,000
1943	7,934,000	5,676,000	3,504,000	10,106,000	3,600,000
Total	$22,984,000	$25,801,000	$8,970,000	$39,815,000	$17,100,000

These figures disclose some very interesting facts. In the first place it will be observed that the aggregate net investment income of both companies are closely comparable. Net underwriting profits, however, are far apart, those of Insurance of North America aggregating approximately 85% greater than those of Home, despite the fact that Home's aggregate net premium writings during the five years amounted to $318,050,000, against only $175,342,000 for Insurance of North America. In this connection, it is of interest to note five-year average operating ratios of the two companies, as follows:

	Loss Ratio	Expense Ratio	Combined Ratio
Home	54.3%	42.5%	96.8%
Ins. Co. of N. A.	53.9	40.1	94.0

It would appear, therefore, that Home's policy of going after large premium volume has not been particularly advantageous. True, it provides more funds for investment, but here, too, Insurance of North America makes a better showing for the five years, while in 1943 its net investment income represented 5.0% on invested assets, compared with 4.6% for Home.

It is important to note comparative dividend coverage for the five years, as follows:

Home: By investment income, 1.025; by total net operating profits, 1.21.

Insurance of N. A.: By investment income, 1.51; by total net operating profits, 2.32.

The question now arises, how does the market appraise these two stocks, relatively? In this connection, we will go back approximately four and a half years to the lows of May, 1940, at which time Standard & Poor's index of fire insurance stocks was 83.8 but has since risen to 119.2 on Dec. 15, 1944, an appreciation of 42.2%. Over the same period Home and Insurance of North America have performed as follows:

	May 28, 1940	Dec. 15, 1944	Appreciation
Home	27¼	29¼	7.3%
Ins. Co. of N. A.	56½	90¾	60.6

It will be noted that market action has outstandingly favored Insurance of North America.

But market appreciation alone is not of itself a sufficient test, for the investor's total gain over any period comprises both market appreciation and dividends. The comparison on this basis is as follows:

	Market Gain	Dividends	Total	Gain
Home	$2.00	$6.80	$8.80	32.3%
Ins. Co. of N. A.	34.25	13.00	47.25	83.7

Home is a relatively high yield stock among the fire insurance group, which presumably accounts in large measure for its popularity with dealers and investors. Currently it is priced around 27⅝ to yield 4.3%, compared with 89¾ for Insurance of North America to yield 3.3%.

It's Your Money That's Involved

(Continued from first page)

going on or because they have thought they did and have disapproved. Many if not most others, realizing that they did not know what it was all about, have seemed to ignore the controversies and have been apathetic, apparently trusting to luck and hoping for the best.

Out of this welter of monetary matters there stand out today certain issues or controversies involving the welfare of every citizen of this country. They reach now, and promise to reach farther, into his pocketbook in the years immediately ahead and for many to come.

Any mature person can understand the essence of the more important of these issues, and he can hardly afford to ignore them. It is his money that is involved—not the Treasury's money nor merely the money of other people.

With the ever-mounting Federal debt and with the continuation of heavy public spending the volume of explosive agents, already great and steadily expanding, can be set off quickly and easily; and certain monetary factors, which can and should be eliminated, contribute greatly to the volume and explosiveness of these agents.

There is probably no way to demonstrate that a severe explosion will or will not come. But regarding its possibility and the continuous accumulation of explosive agents there is observable in the United States a most unhealthy psychological attitude at which all of us need to take a long and careful look. It is, briefly, what we commonly call a false sense of security, apparently resting chiefly on the thought that since there has thus far been no explosion, despite the many warnings that "it can and may happen," there is a decreasing probability, or no probability, that it will happen.

We see this attitude manifested not only toward the explosive monetary gases which economists have repeatedly pointed out but also in the amazingly widespread assumption that we are protected from catastrophe because the price level has been kept fairly steady.

We are again talking about the virtues of a stable price level, and we are showing about the same faith in its ability to protect us against a great economic upheaval that we manifested in the 1920's. In fact, we are talking, thinking, and reacting now very much as we did during the 1923-1929 period of a stable price level, and we are saying in a chorus now, as we did then, that "it" will not happen this time. When it did happen in 1929, there was a great cry as to "why we were not warned."

If it happens again, and there is nothing in the field of economic science that says it probably will not—on the contrary, what economic science teaches is that it probably will happen again—we can expect recurrence of the usual complaint that "we were not warned sufficiently about this possiblity or probability."

The characteristic thing about the common reaction to such warnings is the tendency to ignore or frown upon them so long as the possibilities or probabilities do not materialize, and this is done during the only period in which such warnings can be of value. We would do well, therefore, in respect to the prevailing notions of safety in a stable price level, to take a good look at ourselves in the mirror of the 1920's.

And as to the monetary issues which have been, and are, disturbing monetary economists so deeply, let it be said that a great number of these economists have been trying, day and night, to block the unnecessary creation of explosive monetary situations, while the American people, to a large degree, have been sleeping rather peacefully or in some instances even pooh-poohing the warnings and urgings and recommendations of the specialists in this field.

Some holes have been plugged; a few things have been stopped, but not nearly enough considering that the pressures arising from continued spending, ever-mounting deficits, unprecedented expansion of our currency, and a rapidly falling ratio of reserve in good money against our top-heavy structure of credit and inconvertible paper money are mounting higher and higher. The ratio of reserves to note and deposit liabilities in our Federal Reserve System has fallen so far that there is already talk of, and plans for, lowering or even removing the legal requirements. If this should be done, it will be unprecedented and will have a serious meaning for the people of the United States.

Since a nation at war must of necessity face many undesirable and dangerous things beyond its control—things that can bring economic ruin despite a government's best efforts—extraordinary care should be exercised in an effort not to inject dangerous or weakening factors into the social fabric where these can be avoided. Our Government has not shown even moderate care in this respect in so far as our monetary system is concerned—and a nation's money and credit are the bloodstream of commerce and industry. Our monetary system has been subjected to practically every disease germ known to monetary science; and there are no indications that this policy of polluting and diluting this vital agent in our economy is to be curbed or abandoned.

It needs to be emphasized that these are times for great concern in the monetary field and that there are no indications that the causes for concern promise to be less in the foreseeable future. Governmental and other talk to the effect that the American people can light up their pipes of confidence, watch with indifference as lighted matches are thrown about, and relax safely in the midst of the explosive agents that have been accumulated and are still being added to is not wise talk, and it rests upon no sound nor verifiable lessons of human experience.

Probably the most important monetary issues with which the largest number of monetary economists, and others, are most greatly concerned today, and regarding which the American people should stop, look, listen, and ask questions, are the following:

Greenbackism

On May 12, 1933, Congress passed what has popularly been called the Thomas Inflation Amendment (Sen. Elmer Thomas of Oklahoma) to the Agricultural Adjustment Act. This amendment provided that the President could issue enough greenbacks to make the total outstanding at any one time equal to $3,000,000,000. The present supply of greenbacks—$346,681,016—is secured by approximately $156,000,000 of gold held by the Treasury which, however, cannot use it for the redemption of these notes under the Government's policy of suspension of gold payments. The additional supply of greenbacks, authorized in 1933, would therefore be just that much more irredeemable paper money—a fiat paper money.

There is no valid defense for the issuance of such a currency and, from 1933 down to date, large numbers of monetary economists have been urging the repeal of this amendment. The continuation of such a law on our statute books, particularly while the Treasury is at the same time asking people to invest their savings in Government securities, reveals, in the opinion of these monetary economists, an inexcusable piece of bad faith on the part of the Government in managing the people's fiscal and monetary affairs. All citizens should be concerned about the retention of this law.

Perhaps it should be pointed out in passing that it would be somewhat unjust to Secretary of the Treasury Morgenthau to hold him responsible for the passage or the continuation of this law. He has pointed out to a Committee of Congress that he did not pass the law, that Congress passed it and has the power to repeal it, and that he would be satisfied to have the law repealed. Just why Congress has shown reluctance to repeal this very bad statute is not clear.

Power of the President and Secretary of the Treasury to Alter the Price of Gold

The power of the President to alter the weight of the gold dollar—that is, the gold-dollar price of an ounce of gold—was permitted by Congress to expire on July 1, 1943. Monetary economists, outside the Government, had fought long and hard to persuade Congress to bring this power to an end. But the Gold Reserve Act of 1934 still permits the Secretary of the Treasury, with the approval of the President in Section 8, and without his approval in Section 9, to change the dollar price of an ounce of gold.

This was what the Administration did during the year 1933 and up to Jan. 31, 1944, under the so-called Warren gold-buying policy (the late Professor Warren of Cornell University's College of Agriculture). If the Administration should undertake such a policy again, as empowered under these Sections 8 and 9 of the Gold Reserve Act of 1934, it could force Congress into a position in which it would practically be compelled to devalue the dollar in the interests of stabilizing its then-existing foreign exchange value.

There are good reasons—and only good reasons—why our Government should not repeat the unwise experiment of 1933-1934,

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and, as a consequence, monetary economists have again and again urged the repeal of these sections of the Gold Reserve Act of 1934.

Power of the President to Alter the Weight of Silver and Other Subsidiary Coins

That same law, in Section 12, also retains for the President power to alter the weight of silver and other subsidiary coins to the same extent that he altered the weight of the gold dollar. This means that he has the power to devalue these coins by 41% (specifically 40.94%): Stated in other terms, he has the power to write up the silver-coin price of silver by 69%; that is, the silver-dollar price of an ounce of fine silver—$1.2929—could be raised to approximately $2.19.

The same principle applies to our other subsidiary currency. Since the face value of the silver and other subsidiary coins is, and generally has been, considerably in excess of the market value of the metal entering the coins, there is no reason why the value of this metal should be written up still further. Consequently, monetary economists have urged the repeal of this section of the Gold Reserve Act of 1934.

Our Silver Laws

The story of our silver laws—chiefly silver-purchase laws—is long and intricate, but in the main it comes under the heading of a national scandal. These laws, in general, have been the result of pressure from the silver interests to obtain a subsidy; that is, a price for their product considerably in excess of its value in an open market.

One of these laws is the Silver Purchase Act of June 19, 1934, which not only authorizes but *directs* the Secretary of the Treasury to buy all silver presented to him, at a price which he shall designate, until the supply of silver shall equal in value one-fourth of the monetary value of our stocks of gold and silver, or until the price of silver shall rise to $1.2929 per fine ounce. This law has been confined to the purchase of foreign silver. Prices of domestic silver between December, 1933, and July 6, 1939, were fixed by Presidential proclamation; since that time, by statute.

It has been the general practice of Secretary Morgenthau to maintain the buying price of the silver purchased from foreign sources above what would appear to be the competitive price in free world markets, the theory underlying this practice differing from time to time according to which group it was proposed to favor. Perhaps invariably the first consideration was to favor our own silver producers, whose silver prices were in general fixed by the President, until July 6, 1939, as high as, or higher than, the Treasury's artificially high prices for foreign silver. But in some instances foreign producers were also the objects of our favor, as, for instance when, in the case of Mexico, the OPA, in August, 1942, authorized a payment of 45 cents, instead of the preceding 35 cents, per ounce for Mexican silver. One reason given was that this would help Mexico collect more in taxes! During an early stage of this program, prices for foreign silver had been raised to "aid" China by giving her a high price for her silver. What we did was to drain her silver from her and throw her into a system of inconvertible paper money, thus weakening her greatly at the very time that she should have been strong in her fight against Japan.

With the entrance of the United States into World War II, silver became a strategic metal in our armament program. In order not to divert silver to the Treasury and away from the industries which needed it, Secretary Morgenthau discontinued buying silver for the Treasury in an effort to see that it flowed to the war industries. He took this step in the face of the Silver Purchase Act of 1934 which requires him to continue to purchase all foreign silver offered for purposes of adding to the nation's monetary supply of silver. As a consequence, the Secretary found himself in the awkward position of violating this law of Congress in an effort to do the proper thing by the war effort; yet Congress in deference to the pressure from the Congressional silver bloc—of which the spearhead is the Senate Special Silver Committee—failed to relieve the Secretary of the Treasury of this embarrassment by repealing that law.

More than once Secretary Morgenthau has recommended to Congress, and has told the press, that he would be happy to see all our silver subsidy laws stricken from our statute books, but thus far Congress has continued with its policy of kowtowing to the silver bloc. Large numbers of independent monetary economists have urged, again and again, the repeal of this law.

On July 6, 1939, Congress passed, in deference to the silver-subsidy bloc, what is known as a domestic silver purchase law under which the Secretary of the Treasury is required to purchase the domestic output of silver at 71.11 cents per fine ounce—a price far in excess, perhaps twice as great, as the value of silver in the world markets. This law, which replaced the fixing of subsidy prices for domestically-produced silver by Presidential proclamation, has been just as inexcusable as the Silver Purchase Act of 1934, the silver sections of the Gold Reserve Act of 1934, and the proclamation prices, and, as a consequence, monetary economists have repeatedly urged that it be stricken from our statute books.

The silver bloc has all along been so insistent on getting a subsidy from the United States Treasury, apparently regardless of social consequences, that for a period of approximately 19 months after the United States entered the war its members were able to compel the Secretary of the Treasury to hold out of war use most of the Treasury's huge hoard of surplus silver stored in its vaults at West Point and elsewhere, in an effort to give silver a scarcity value, despite the urgent needs of the war industries. In short, in so far as the members of the Congressional silver bloc were concerned, it appeared that the nation's boys and men were expendable in this war but not the nation's hoarded surplus silver! It was only after understandable exposures were made in some of the leading popular journals in this country in 1942 that Congress passed a law providing for the sale or lease of Treasury silver for use in the war (and civilian) industries.

But even under this law—the Green bill, effective July 12, 1943 (Senator Green of Rhode Island)—the silver was not to be sold to these industries except at the domestic subsidy price of 71.11 cents per fine ounce. Furthermore, the Green bill provided that silver held as security for the redemption of silver certificates could be leased to war industries and, at the same time, be counted as reserve against silver certificates outstanding. This meant, in practice, that if one wished to redeem a silver certificate secured by silver serving, for instance, as a bus bar in an electric plant, he could get his silver only by clipping off a part of a bus bar! In principle, it would have been just as defensible to authorize the issuance of silver certificates against silver in the silver mines, since the holders of the certificates could not in either case obtain the silver being counted as security. This Green silver law needs radical amendment.

These, briefly, are some of the chief characteristics of some of the very bad or defective silver laws on our statute books which monetary economists have urged Congress to repeal and amend. These economists want the silver subsidy abolished, they want to see silver put to proper use at natural prices, and they want to see silver certificates secured by silver actually held in trust by the Treasury. In short, they want to see honest silver and silver currency and silver sertificates.

The Manipulation in the Issuance of Federal Reserve Bank ("National Currency") Notes

This manipulation of the people's money, which began in December, 1942, and which is still continuing, is probably the most outstanding piece of maladministration of this nation's currency on record; and yet, after the facts were laid before Congress, that body failed to take any corrective action in the matter.

These notes are a fiat money—they are secured by nothing but the promise of the Treasury to pay—and fiat paper money is the cheapest and poorest form of money known to man. Their issuance, which was completely illegal on every count, even involving the use of a false legend on their face, was doubly deplorable because it was done by an unprecedented and devious piece of manipulation—a sleight-of-hand performance.

To clarify this matter for the person not specialized in our monetary affairs, it is necessary to dip somewhat into some background regarding the nature and history of Federal Reserve bank notes and of this particular brand of notes which carries on the face of each the words "National Currency."

Federal Reserve banks are authorized by the Federal Reserve Act to issue Federal Reserve bank notes under certain conditions. The authority to issue them became effective in 1916. These notes are in general nature similar to national bank notes, issued, until 1935, by national banks. Under emergency provisions of the Federal Reserve Act, as amended in 1933, Federal Reserve bank notes may be issued by the Federal Reserve banks against a 100% security of any direct obligations of the United States and up to 90% of certain other types of paper which the Reserve banks may post with the Treasury as security. Since this authority continues until the President terminates the emergency recognized by the Presidential proclamation of March 6, 1933, it is still in effect for the reason that the President has not declared the emergency at an end.

By February, 1935, the Federal Reserve banks had retired, as their liabilities, all the Federal Reserve bank notes then outstanding by placing the required funds with the Treasury. At that time the notes still in circulation became Treasury liabilities and a part of what is called "Treasury currency"—that currency for which the Treasury is liable. By December of 1942, at which time the manipulation began, all but approximately $18,000,000 of these Federal Reserve bank notes had been retired by the Treasury.

Beginning on Dec. 12, 1942, the nature of our "Federal Reserve bank notes" underwent a radical and unprecedented change. The Treasury, announcing that it had a stock of $660,000,000 of unissued Federal Reserve bank notes on hand, part of the stock said to have been hastily prepared in 1933 to meet some of the currency needs of the depression and bearing the questionable name of "National Currency," decided, in cooperation with the Reserve authorities, to issue all these notes as a Treasury currency and as a liability of the Treasury rather than as a liability of the Federal Reserve banks. This transaction, without authority in the Federal Reserve Act, was carried out by a species of manipulation involving a sleight-of-hand performance called "retirement before issuance"—"retirement" by the Reserve banks which had not issued them before they were *paid out* but not *issued* by the Reserve banks which alone, under the law, may *issue* them, and their issuance by the Treasury which is not empowered to do so.

The Treasury began at once (Dec. 12, 1942) to deposit these notes, for which under the law it is a trustee not an issuer, with the various Federal Reserve banks in exchange for a deposit credit and, month by month thereafter, the

(Continued on page 72)

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It's Your Money That's Involved

(Continued from page 71)

amount of these notes put into circulation by the Treasury, through the Federal Reserve banks, mounted steadily until December, 1943, when the total outstanding as a Treasury liability reached $639,000,000, after which the volume in circulation began to decline slowly because of retirement due to the usual wear and tear or mutilation. On Aug. 31, 1944, the amount outstanding was $594,000,000.

As a consequence of the manipulation in the issuance of these notes, they are not only liabilities of the Treasury rather than of the Federal Reserve banks but they also serve as lawful money for reserves in the Federal Reserve banks. By this manipulation the Treasury improperly and illegally received a deposit credit on the books of the Federal Reserve banks to the extent that it deposited these notes with the Reserve banks; at the same time the Federal Reserve banks improperly and illegally added the same amount to their reserves of lawful money. In short, the Reserve banks converted what should have been a liability into a reserve asset—surely the acme of financial legerdemain.

Although there was a considerable rumpus in the first months of 1943, in Congress and out, when the nature of this transaction was pointed out publicly by some monetary economists, the administrators in the Treasury and Board of Governors of the Federal Reserve System were able to talk the majority of Congress into a state of inaction. Senator Taft introduced a bill on Feb. 4, 1943, in an effort to deal with the matter, and it passed the Senate on May 12 of that year after being mutilated until it was practically useless. It then went to the House where it died. Even when Under Secretary of the Treasury Daniel Bell admitted under questioning before a committee of the House that these notes were fiat money—that is, that no United States securities were posted with the Treasury and kept there as security against the issuance of these notes as required by law—no important reaction was stimulated among the people's representatives. Thus did Congress, as "watch dogs" over the people's money, deal with this unauthorized injection by the Treasury and Federal Reserve authorities of fiat money into the currency stream of this country.

Since the general public did not understand that these notes were outright fiat money and, since they were interchangeable with all our other currency, they did not depreciate in terms of gold. But they did dilute, as fiat money always does, the quality of our money, and they gave both the Treasury and the Reserve banks a purchasing power to which they were not legally entitled.

Congress was amply provided with suggestions as to the proper steps to take to sqeeze this fiat money out of our currency, but it simply was not interested in doing anything about the matter—and that still is the case.

The Issuance of Allied Military Currency

Another form of issuing fiat paper money without the authorization of Congress has appeared in the Treasury's printing and issuance of what has commonly been called "Allied Military Currency."

In various theaters of this war, the United States Treasury and War Departments, acting together, have been utilizing this brand of money. The extent to which it has been, and is being, issued has not been divulged by the Treasury, not even to Congress, nor has the Treasury made clear the nature and extent of the liabilities which may have been, or may be, assumed by the Treasury as a consequence of such issuance. Scraps of information reveal, as samples of what is involved, that 80 billions of francs were printed for use in France and that several tons of paper lira went to Italy and Sicily. But accurate facts as to totals printed, issued, and used apparently are not available outside the Treasury.

The monetary and related sections of the Constitution of the United States, as interpreted by the U. S. Supreme Court, repose in Congress authority over the issuance of all United States money, but, in this case, the Treasury neither consulted with Congress about the matter nor asked it for authority to issue this money.

The procedure involved was unprecedented in this country, a fact recognized by the Treasury when it said on Aug. 2, 1943: "This is the first truly allied venture into the field of military monetary expedients and an undertaking without precedent so far as the United States is concerned."

The Treasury took these steps without Congressional authorization on the ground that the Con-

The
COMMERCIAL NATIONAL BANK
AND TRUST COMPANY
of NEW YORK

Forty-Six *Wall Street*

Statement of Condition—*December 31, 1944*

RESOURCES

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers		$ 44,268,008.35
U. S. Government Securities		178,102,283.34
State and Municipal Bonds		180,000.00
Other Bonds and Securities		1,764,363.09
Stock of the Federal Reserve Bank		510,000.00
Loans and Discounts		40,897,678.93
Customers' Liability on Acceptances		1,824,809.99
Interest Accrued and Other Assets		457,452.95
		$268,004,596.65

LIABILITIES

Capital		$ 7,000,000.00
Surplus		10,000,000.00
Undivided Profits		1,148,851.37
Reserve for Contingencies, Taxes, and Expenses		3,069,093.49
Dividend Payable January 2, 1945		140,000.00
Acceptances Outstanding	$2,732,799.91	
Less: Held in Portfolio	891,278.52	1,841,521.39
Other Liabilities		715,480.45
Deposits		244,089,649.95
		$268,004,596.65

United States Government and other securities carried at $77,102,627.70 are pledged to secure public and trust deposits (including $71,682,949.03 United States Government Deposits), and for other purposes as required by law.

DIRECTORS

EDWARD J. BARBER
President, Barber Steamship Lines, Inc.
JOHN M. BUDINGER
Senior Vice-President
WILLIAM H. COVERDALE
Partner, Coverdale & Colpitts
EDWARD P. FARLEY
Chairman of the Board American-Hawaiian Steamship Co.
JACOB FRANCE
President, Mid-Continent Petroleum Corporation
SAMUEL L. FULLER
Partner, Merrill Lynch, Pierce, Fenner & Beane
R. M. GUNNISON
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New York
WALTER G. KIMBALL
President
PHILIP LeBOUTILLIER
President and General Manager, Best & Co., Inc.
EDWARD J. NOBLE
Chairman of the Board, Life Savers Corporation
B. EARL PUCKETT
President, Allied Stores Corporation
JOHN A. RITCHIE
Chairman of the Board, The Omnibus Corporation
ARTHUR T. ROBERTS
Director, Treasurer and Comptroller, Socony-Vacuum Oil Company, Incorporated
CHARLES M. ROBERTSON
President, The Kroger Grocery & Baking Co.
WILLARD F. ROCKWELL
Chairman of the Board, The Timken-Detroit Axle Company
HAROLD E. TALBOTT
New York
JOHN VANNECK
New York
FRAZAR B. WILDE
President, Connecticut General Life Insurance Company

Member Federal Deposit Insurance Corporation

The
Marine Midland Trust Company
of New York

STATEMENT OF CONDITION AS OF DECEMBER 31, 1944

RESOURCES

Cash and Due from Banks		$ 65,910,153.55
United States Government Obligations (*Par Value $129,373,000.00*)		129,323,992.72
Short Term State and Municipal Bonds		726,468.88
Stock of Federal Reserve Bank		450,000.00
Other Bonds and Investments		1,863,432.42
Demand Loans Secured by Collateral		46,468,438.82
Time Loans and Bills Discounted		55,413,745.06
Real Estate Mortgages		3,257,287.33
Customers' Liability for Acceptances		212,609.00
Accrued Interest and Other Assets		626,779.91
		$304,252,907.69

LIABILITIES

Capital	$5,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	3,378,136.28	$ 18,378,136.28
Reserves		1,137,885.43
Acceptances		464,225.30
Other Liabilities		1,205,611.48
Deposits		283,067,049.20
		$304,252,907.69

Securities carried at $65,738,178.70 in the above statement are pledged to secure U. S. War Loan Deposits of $59,933,944.85 and other public deposits and for other purposes required by law.

DIRECTORS

FREDERICK BEERS
Vice President, National Biscuit Co.
JAMES G. BLAINE, *President*
EDGAR H. BOLES
President, General Reinsurance Corp.
SAMUEL S. CONOVER
Chairman, Executive Committee
CHARLES H. DIEFENDORF
President, The Marine Trust Company of Buffalo
EDWARD L. FULLER
President, International Salt Co.
PAUL H. HUSTED
JOHN G. JACKSON
Jackson, Nash, Brophy, Barringer & Brooks; Chairman, American Viscose Corporation
FRANK A. KETCHAM
SEYMOUR H. KNOX
Chairman of the Board, The Marine Trust Co. of Buffalo
EDWARD H. LETCHWORTH
Kenefick, Cooke, Mitchell, Bass & Letchworth, Buffalo
F. A. McKOWNE
President, Hotels Statler Company, Inc.
BAYARD F. POPE
Vice Chairman, Executive Committee
JOSEPH P. ROUTH
Chairman and President, The Pittston Company
EUSTACE SELIGMAN
Sullivan & Cromwell
HAMPDEN E. TENER
Chairman of the Board, Irving Savings Bank
HARRAL S. TENNEY.
Vice President and Secretary
CLOUD WAMPLER
President, Carrier Corporation
HENRY J. WYATT
Vice President, Crum & Forster, Inc.

MAIN OFFICE—120 BROADWAY
128 Chambers Street 110 William Street 143 Liberty Street
17 Battery Place Park Ave. at 46th Street
Member Federal Deposit Insurance Corporation

stitution controlled the *regular* issuance of currency within the United States but that the rules governing the issuance of a special currency by the military authorities within the area under military occupation ". . . are those of the law of nations as established by international agreement and the usage of the world. Under international law, The Hague Conventions and the decisions of the Supreme Court of the United States, the Military Commander in areas occupied by the Forces under his command has all the powers necessary for the carrying out of governmental functions.

"These powers include the right to provide for the currency needs of the area occupied. . . ."

Congress raised no serious questions about this procedure, and apparently has no important knowledge of, and seemingly little interest in, what is taking place in respect to the issuance of such fiat money. Why it has not at least exacted reports from the Treasury is not clear. Nor have the Constitutional versus international law aspects of the question been explored by, or expounded in, Congress. The people's representatives have simply let the Treasury operate with a free hand in this matter, with the consequence that not only Congress but the American people know nothing of importance about what is taking place in connection with the issuance of this fiat money. Apparently only persistent questioning of Congressmen by their constituents or more active inquiries by the press can be counted on to prod them into what would seem to be appropriate action in this matter.

The Question of Returning to a Gold-Coin Standard

This nation has been living, since March, 1933, under a monetary system involving a suspension of gold payments. It has been next to the longest period of suspension of gold payments ever experienced in the history of this country. The longest was for 17 years—from 1862 to 1879.

Probably no one can predict with any accuracy how long a nation can continue a period of suspension of this sort without the non-gold currency depreciating in terms of gold. Presumably, it could continue until the gold reserve against the money and deposits declines to such a low point that people lose faith in the exchangeability of the domestic currency in terms of gold, at which time the domestic non-gold currency begins to depreciate in value in terms of gold.

A nation's monetary structure is a delicate mechanism, and various factors can precipitate a depreciation of an inconvertible currency in terms of a more valuable currency such as gold. The only certain way to prevent such depreciation is to provide for redemption. For this reason, not to mention various others of a more technical nature, many monetary economists have urged a speedy resumption of gold payments in the United States—that is, a return to a gold-coin standard.

There are some economists who object to such resumption on the ground that it might lead to hoarding of gold and a subsequent suspension of gold payments with the attendant upheaval. There are others who insist that "fire escapes" against hoarding can be provided and that if this were done there would then be overwhelmingly good reasons why the United States should return promptly to a gold-coin standard. There are still others who are willing to recommend a gold-bullion standard on the ground that hoarding would be relatively difficult. But some monetary economists object to this type of gold standard on the ground that the typical gold-bullion standard usually allows people to obtain gold only in relatively large amounts as a consequence of which it is really a rich man's standard. Finally, there are some who suggest some form of a gold-exchange standard which, apparently, might not differ greatly from the arrangements now in effect.

The issues here have many intricate aspects and they tax the judgment of the most experienced men in the field. But the point for the American people to bear in mind now is that, under our present system of maintaining an international gold-bullion standard and a suspension of gold payments domestically, every other nation can get our gold if we owe it anything, while our American people cannot—except in very small amount for industrial uses. Just why foreigners, but not American citizens, should have access to this nation's gold supply is a question to which the Administration has never attempted, so far as this author knows, to provide the American people with a satisfactory answer. Furthermore, just what foreign countries are getting it and how much goes to each is not revealed to the American people; that is a Treasury secret, and it has been a secret since December, 1941. Apparently this is another aspect of the Treasury's handling of the people's money regarding which Congress does not exact any reports nor keep itself informed.

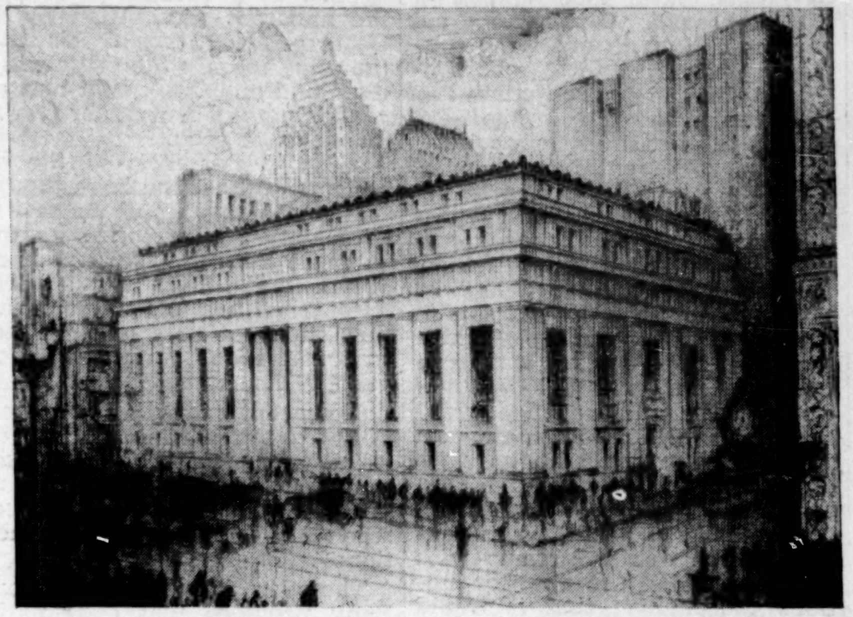
The Confusion of Our Laws Relating to Legal Tender, Lawful Money, and Money Receivable for Specified Purposes

Some of our monetary affairs in respect to these matters were thrown into a sorry confusion by the Thomas Amendment of May 12, 1933, and the law of June 5, 1933, which made all our money full legal tender.

It is quite clear that the legislators did not know what they were doing when they enacted those laws. The legal and practical difficulties flowing from the confusion in these matters may seem technical to, and far removed from, the general reader. But the fact nevertheless is that they have a direct causal bearing upon some of the undesirable things that have been taking place in our money and banking structure, and every mature person should know that the laws relating to these matters require prompt attention and correction.

Essentially, the considerations involved relate to legal obligations of contract and to the use of appropriate assets against certain liabilities. For example, when a money is made full legal tender it, legally, can be used to settle any debt. Literally, this means that, in so far as law is concerned, Federal Reserve notes (not to be confused with Federal Reserve bank notes), which are full legal tender and yet liabilities of our Federal Reserve banks, can be used as assets by these banks to meet their deposit liabilities. Despite legal tender law

(Continued on page 74)



Mellon National Bank Building

Seventy-Five Years of Banking

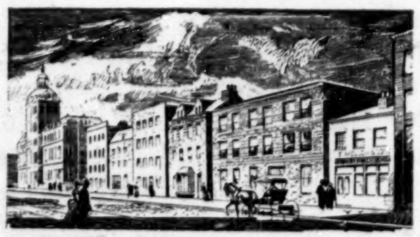
The history and growth of this Bank during the seventy-five years of its existence closely parallels that of the great Industrial Pittsburgh District it was destined to serve.

On January 1, 1870, Judge Thomas Mellon, who had retired from the bench, founded the private banking firm of T. Mellon & Sons, in a modest two-story building on Smithfield Street.

In 1874 the Bank's deposits were $600,000. At that time the Bank's business consisted of real estate mortgages, and commercial paper secured by endorsement. Loans on collateral security were rare in those days.

In 1880 when Thomas Mellon retired as head of the firm he was succeeded by his son, Andrew W. Mellon, who had served the Bank under his father's guidance for six years. Andrew was sole owner until 1887 when his younger brother, Richard B. Mellon, became his equal partner.

The turn of the century brought numerous changes in the industrial and commercial structure of a growing nation. Consolidations, mergers, incorporations, and large expansions required a broader financial service. To provide these banking facilities, the house of T. Mellon & Sons was incorporated in 1902 as the Mellon National Bank.



Original home of T. Mellon & Sons
(Two-story frame building at right)

The new national bank began business with a capital of $2,000,000 and deposits of $8,491,947. The Bank's first board of directors were men with vision and sound business judgment—representatives of Pittsburgh's important industry and commerce. Andrew W. Mellon was elected president, and his brother, Richard B. Mellon, vice-president. Andrew W. Mellon served as president until 1921 when he retired to accept the portfolio of Secretary of the Treasury of the United States. Richard B. Mellon was president from 1921 until his death in 1933, at which time his son, Richard K. Mellon, succeeded him to this office.

Eleven months after its incorporation the Mellon National Bank's deposits had increased to $20,981,377 while its resources were $24,342,258.

By 1904 Pittsburgh's products were reaching out to world-wide markets. In order to extend the specialized service required by foreign commerce, the Bank inaugurated its Foreign Bureau, establishing connections with correspondent banks in countries throughout the world. The year following, the first Mellon Travelers Cheques made their appearance.

As industry and commerce continued to expand, the Mellon National Bank, always in close touch and familiar with Pittsburgh's industrial activities, grew along with the industries which it served. In 1924 the Bank moved into the new home which had been erected as a monument to its founder's unfaltering faith in the future of the Pittsburgh District.

On June 30, 1944, the Bank's deposits amounted to $570,172,814 while resources were $627,200,527.

Throughout the seventy-five years of its existence, this Bank has consistently adhered to the fundamental principles and policies of its founders who pledged its full co-operation and resources to the needs of commerce and industry . . . At the beginning of a new year—and looking forward with faith in the future—that pledge is renewed.

MELLON NATIONAL BANK

PITTSBURGH
Industrial Center of America

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

It's Your Money That's Involved

(Continued from page 73)

this could not properly be permitted, and it has not been permitted. Or a debtor can now irritate his creditor by paying off a large debt with pennies, nickels, or dimes, since they are full legal tender. And, while gold and gold certificates are full legal tender, they can be used only in a most restricted way to meet debt obligations—American citizens cannot legally use them at all in payment of their domestic debts.

"Lawful money" in the technical legal sense refers to that money that is proper to use for certain purposes as, for instance, for reserves in Federal Reserve banks against their deposits. Fundamentally, it is a question of proper assets against certain liabilities, and does not necessarily involve the question of legal tender.

Money is sometimes made "receivable for certain purposes" to avoid difficulties inherent in the concepts of legal tender and lawful money. Prior to 1933, Federal Reserve notes had this legal quality, and it should be restored as promptly as possible.

These are merely a few samples of the chaotic mess in law and accounting that exists in our monetary structure because of the ill-advised legislation of 1933.

Monetary economists have brought these things to the attention of Congress from time to time; yet that body has made no move to rectify the errors involved in that legislation.

The Matter of the Bretton Woods Proposals for an International Monetary Fund and Bank

At a meeting of representatives of 44 nations at Bretton Woods, New Hampshire, during July, 1944, two proposals were approved in principle for submission to the respective governments of the delegates who attended that conference. One involved a plan for an International Monetary Fund; the other a plan for an International Bank for Reconstruction and Development.

In principle, the program for the Fund involves contributions by the participating nations of a portion of their own currencies which they may exchange for the currencies of other nations desired for use in making foreign payments. The theory back of this proposal is that it would aid various nations in obtaining purchasing power in foreign currencies and in the determination and stabilization of the foreign exchange rates of their currencies.

Perhaps the chief criticism of this plan, up to November 20, has rested upon the fear of the probability that nations with weak currencies would soon exchange them for the stronger currencies—for instance, for the United States dollar—as a consequence of which the supply of dollars would be exhausted and the United States would have in exchange weak currencies which it might not wish to use or could not use with profit. Closely related have been criticisms to the effect that the proposed Fund would be in control of the debtor nations with power to milk the creditor nations thoroughly; that it would constitute an attempt to purchase the goodwill of nations now in financial difficulties—a policy notoriously unsuccessful—by an international distribution of checkbooks issued chiefly against the United States Treasury; and that it apparently was designed to operate in a vacuum since there was no assumption that an international government was necessary to supervise it or to provide the power to enforce the Fund's decisions or to compel a defaulting debtor nation to honor its obligations.

When the Department of State released, on October 9, "Texts of Statements on Dumbarton Oaks and Documents Giving Tentative Security Plan," no mention was made of the proposed Fund and Bank. In a "Text of State Department Review of Dumbarton Oaks Peace Plan," released on November 20, the proposed Fund and Bank were included by name—a fact that may bring greater assurance to those who, up to that time, could visualize nothing but two institutions designed to operate in a vacuum. Just how the apparent recognition by the Department of State of this situation may modify the criticisms of the Fund and Bank that had appeared up to November 20 remains to be seen.

Many if not most of the opponents of the Fund have thought that it probably would be best for each nation to stabilize its own currency with such help as it can obtain in the form of loans from nations willing to lend to it, and that each nation should be held responsible for maintaining the value of its currency.

There are many other aspects of this question which are too detailed and intricate for discussion here, but it is perhaps not too much to say that these are largely secondary to the issues just mentioned.

The plan for the International Bank provides that each nation shall subscribe to a certain proportion of the capital, and that the Bank can then lend, or guarantee loans made through other channels, to the various borrowing countries. Perhaps the chief question thus far raised regarding this proposal is whether it would not be best for each country to lend as it sees fit, thereby keeping control over the lending of its own funds, rather than have the control in the hands of some international board, not directly responsible to the people of the various nations whose funds are being loaned, and, up to November 20, apparently designed to operate without there being any international governmental organization with power to enforce its decisions.

It is probably accurate to say that many, if not most, of those who have questioned the value and soundness of the Bretton Woods proposals have believed that an international clearing institution, perhaps in the form of an international bank acting as a bank and clearing house for the various central banks, might accomplish all of a beneficial nature that can be accomplished by an international banking institution. Here, too, the issues are involved and technical, and the question of appropriate international governmental organization to control and enforce the decisions of such an institution would be as important a consideration as in the case of the Bretton Woods proposals.

There are those who think that these two proposed institutions would prove to be in the last analysis merely unusually intricate mechanisms by which United States funds would be drained off for a multitude of uses in foreign countries, either in the form of business loans, some or many of which may not be repaid, or in some other form of voluntary or involuntary charity. It has been suggested several times that if we are to engage in providing charity internationally it should be done openly and directly, not through any complicated, poorly-understood, or devious means, and, also, that if there are sound loans to be made we already have the banking institutions anxious and willing to make them. Therefore, say these people, there is really no good reason why the United States should participate in the proposed institutions.

The opposing view, in general, has been that the proposed Fund and Bank will enable us to provide proper aid to foreign countries with a consequence that they will get on their feet much sooner than otherwise would be the case, that international trade will then flow more quickly and more freely, that world stability will be hastened and encouraged in a manner and to a degree not otherwise possible, and that charity is not involved.

If it could be demonstrated that these assertions are accurate, then it seems highly probable that most authorities in the field of money and banking would be happy to endorse the proposals. The difficulty lies in the determination of whether or not these aims can be accomplished through the institutions recommended at Bretton Woods and as the picture has been modified by the Dumbarton Oaks Peace Plan announced, in review form, by the Department of State on November 20.

It may be supposed, at least hoped, that all these issues will be thoroughly thrashed out on the floor of Congress, and that ways will be found to extract as much reliable evidence as possible in order that the United States can determine the proper course to pursue, and, should it be decided that we are to participate in these institutions, to reduce to a minimum the risks involved because of the wishful thinking and the element of guessing inherent in the situation.

The National City Bank of New York

Head Office:
Fifty-five Wall Street
New York

Branches
Throughout Greater
New York

Condensed Statement of Condition as of December 31, 1944
INCLUDING DOMESTIC AND FOREIGN BRANCHES
(In dollars only—cents omitted)

ASSETS

Cash and Due from Banks and Bankers	$ 871,882,875
United States Government Obligations (Direct or Fully Guaranteed)	2,409,240,200
Obligations of Other Federal Agencies.	41,379,228
State and Municipal Securities	113,873,052
Other Securities	69,889,628
Loans, Discounts, and Bankers' Acceptances	901,404,243
Real Estate Loans and Securities	5,488,617
Customers' Liability for Acceptances.	7,433,420
Stock in Federal Reserve Bank.	5,850,000
Ownership of International Banking Corporation	7,000,000
Bank Premises	30,795,901
Items in Transit with Branches	3,326,442
Other Assets	2,122,859
Total	$4,469,686,465

LIABILITIES

Deposits (Includes United States War Loan Deposit $744,588,040)		$4,205,072,012
Liability on Acceptances and Bills	$11,382,342	
Less: Own Acceptances in Portfolio	2,329,970	9,052,372
Reserves for:		
Unearned Discount and Other Unearned Income.		1,452,707
Interest, Taxes, Other Accrued Expenses, etc.		21,468,909
Dividend		4,030,000
Capital	$77,500,000	
Surplus	122,500,000	
Undivided Profits	28,610,465	228,610,465
Total		$4,469,686,465

Figures of foreign branches are included as of December 23, 1944, except those for enemy-occupied branches which are prior to occupation but less reserves.
$924,380,614 of United States Government Obligations and $6,846,830 of other assets are deposited to secure $881,338,109 of Public and Trust Deposits and for other purposes required or permitted by law.
(Member Federal Deposit Insurance Corporation)

Chairman of the Board	Vice-Chairman of the Board	President
GORDON S. RENTSCHLER	W. RANDOLPH BURGESS	WM. GAGE BRADY, JR.

Chartered 1799

BANK of the MANHATTAN COMPANY

Condensed Statement of Condition
as of December 31, 1944

ASSETS

Cash and Due from Banks and Bankers	$ 229,027,820.77
U. S. Government Obligations	550,257,722.84
Other Public Securities	5,840,637.33
Other Securities	15,339,652.65
Loans and Discounts	345,132,608.43
Real Estate Mortgages	5,207,295.51
Banking Houses Owned	12,783,063.29
Other Real Estate Owned.	207,676.46
Customers' Liability for Acceptances (Less Anticipations)	3,053,283.89
Other Assets	3,490,262.84
	$1,170,340,024.01

LIABILITIES

Capital	$20,000,000.00	
Surplus	20,000,000.00	
Undivided Profits	12,408,281.62	$ 52,40[illegible],281.62
Reserve for Contingencies.		2,011,517.89
Dividend Payable January 2, 1945		500,000.00
Deposits		1,099,656,423.84
Certified and Official Checks		5,049,465.41
Acceptances Outstanding		3,901,258.94
Other Liabilities, Reserve for Taxes, etc.		6,813,076.31
		$1,170,340,024.01

Of the above assets $256,287,495.80 are pledged to secure public deposits and for other purposes; and certain of the above deposits are preferred as provided by law.

Member Federal Reserve System

Member Federal Deposit Insurance Corporation

OUR REPORTER'S REPORT

For the time being at least, or, perhaps more correctly, until Secretary of the Treasury Morgenthau's legal batteries unearth a new premise upon which to base a new action, it looks as though the question of taxability of municipal bonds by the Federal Government has been cleared up in favor of the issuer.

At any rate, this week's action of the Supreme Court in refusing to review a decision of the Second Federal Circuit Court, which held that bonds issued by the Port of New York Authority are exempt from Federal taxation, is regarded as another important victory for those who have opposed Mr. Morgenthau and others who seem determined to obtain a ruling in their favor.

It should give new life to the municipal market, which has been rather laggard in recent months, partly, of course, because of the absence of any need to finance in the prevailing absence of materials and supplies needed for new projects.

The veritable dearth of new offerings in that direction seemingly stems in part, however, from a disposition to await the high court's action in the Port Authority case, since there have not been any sizable refundings of late either.

Frank C. Ferguson, Chairman of the Port Authority, said the court's action "assured financing of essential transportation and terminal projects planned by the agency," when the way is clear, naturally.

Rails Lead the Field

Railroads were the first away from the starting line as the New Year in corporate financing got under way. Bids were taken on two large offerings yesterday, subject, of course, to approval by the Interstate Commerce Commission of the new issues involved.

Presumably because of the size of the undertaking, the bidding for Lousville & Nashville's $53,835,000 of new first and refunding series F 3⅜s, due in 2003, was not aggressive from the standpoint of banking groups involved.

But, it was indicated by preliminary inquiry, that any new bonds of the road would move along in satisfactory manner.

Washington Terminal Co.'s issue of $11,000,000 of new first mortgage bonds, brought out a much more lengthy aggregation of bidders and likewise was seen assured of ready market.

Pennsylvania RR. Next

The next major undertaking is scheduled for next Tuesday, when the Pennsylvania RR. is due to open bids on an issue of $51,782,000 of general mortgage series F bonds due in 40 years.

In this large refinancing operation the road has specified that the bidders will name the interest rate which is not to exceed 3½%.

Here again it looks as though the scope of the issue involved will scale down the number of groups entering bids. Proceeds will be used to redeem an issue of outstanding 4-year 4½% debentures.

Two Stock Deals Due

Dealers were inclined to look for two sizable stock financing operations to reach market before the end of the week. Indications were that the group handling Monogram Pictures Corp.'s 100,000 shares of new 5½% cumulative preferred would bring that issue to market today.

This is largely new financing, since the company plans to apply $300,000 to reduce current liabilities and the balance to finance production of new pictures.

Meanwhile Servel, Inc., has 60,000 shares of $4.50 cumulative preferred ready for market, part to be applied to plant expansion, reconversion, etc., and the balance added to general funds.

Utility Offerings Ahead

While railroads were the first away in the market with the turn of the year, many prospective utility undertakings are shaping up for the weeks ahead.

Groups are reported forming to seek new securities which would be involved in any refinancing operation projected by Kentucky Utilities Co., which is said to be considering refunding $21,000,000 of first 4s and $5,500,000 of sinking fund 4½s.

And Potomac Edison Co. is reported looking over its outstanding preferred stocks which carry 6% and 7% dividend rates. The company would be expected to market an equivalent amount of new preferred, approximately $6,000,000.

Carr, Chapin & Co. Formed In Detroit

(Special to The Financial Chronicle)

DETROIT, MICH. — Carr, Chapin & Company has been formed with offices in the Penobscot Building, to engage in a securities business. Partners are Howard F. Carr, Roy F. Chapin, Valette R. Eis, general partners, and Seward N. Lawson, limited partner.

Mr. Carr and Mr. Lawson were formerly with Stoetzer, Carr & Co. Mr. Chapin was with Baker, Weeks & Hardin, and Mr. Eis with Hornblower & Weeks.

Customers' Brokers Get Group Insurance

The first plan of group life insurance instituted by the employees of the financial district has been announced by the Association of Customers' Brokers. According to President Richard G. Horn, the required 75% of membership have applied for the benefit under the Association's policy which will be written by the United States Life Insurance Company in effect Jan. 1, 1945.

CHARTERED 1853

United States Trust Company of New York

TRUSTEES

JOHN J. PHELPS
Retired

JOHN SLOANE
Chairman of the Board, W. & J. Sloane

WILLIAMSON PELL
President

JOHN P. WILSON
Wilson & McIlvaine, Chicago

*BARKLIE HENRY
Lieutenant Commander, U. S. Naval Reserve

GEORGE DE FOREST LORD
Lord, Day & Lord

ROLAND L. REDMOND
Carter, Ledyard & Milburn

HAMILTON HADLEY
Lawyer

FRANCIS T. P. PLIMPTON
Debevoise, Stevenson, Plimpton & Page

BENJAMIN STRONG
First Vice-President

*JOHN HAY WHITNEY
Colonel, U. S. Army Air Forces

G. FORREST BUTTERWORTH
Cadwalader, Wickersham & Taft

JAMES H. BREWSTER, JR.
Vice-President, Aetna Life Insurance Company

DEVEREUX C. JOSEPHS
President, Teachers Insurance & Annuity Assn.

EDWIN S. S. SUNDERLAND
Davis Polk Wardwell Sunderland & Kiendl

BASIL HARRIS
President, United States Lines Co.

Statement of Condition December 31, 1944

RESOURCES

Cash in Banks	$ 26,216,083.42
Loans and Bills Purchased	45,397,167.01
United States Government Obligations	91,121,535.50
State and Municipal Obligations	7,010,668.46
Other Bonds	2,947,500.00
Federal Reserve Bank Stock	840,000.00
Real Estate Mortgages	4,079,293.53
Banking House	1,600,000.00
Accrued Interest Receivable	503,414.15
Total	$179,715,662.07

LIABILITIES

Capital Stock	$ 2,000,000.00
Surplus	26,000,000.00
Undivided Profits	2,551,245.56
General Reserve	776,780.18
Deposits	146,655,180.19
Reserved for Taxes, Interest, Expenses, etc.	1,228,546.52
Unearned Discount	3,909.62
Dividend Payable January 2, 1945	500,000.00
Total	$179,715,662.07

$49,355,000 par value of United States Government and other securities are pledged to secure public deposits and for other purposes required by law.

OFFICERS

WILLIAMSON PELL, *President*
BENJAMIN STRONG, *First Vice-President*

ALTON S. KEELER
Vice-President

JAMES M. TRENARY
Vice-President and Secretary

Assistant Vice-Presidents

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HENRY G. DIEFENBACH
ARTHUR H. ERB
HENRY B. HENZE
BERKELEY D. JOHNSON
ELBERT B. KNOWLES
GEORGE F. LEE
LAWRENCE C. MARSHALL
AUGUSTUS J. MARTIN
GEORGE MERRITT
FREDERICK M. E. PUELLE
CARL O. SAYWARD
HENRY E. SCHAPER
*H. JOHN SIMMEN
HENRY L. SMITHERS
IRVIN A. SPRAGUE
STERLING VAN DE WATER
FERDINAND G. VON KUMMER
LLOYD A. WAUGH

Assistant Secretaries

ELMO P. BROWN
*PAUL CAMPBELL, JR.
FREDERICK N. GOODRICH
FRANK J. KEELER
THOMAS J. MADDEN
WILIAM J. MILLER, JR.
ARMITAGE MORRISON
*W. A. W. STEWART, JR.

*Serving with the Armed Forces

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

An Option On the Market

(Continued from page 58)

of investment company shares for special or general needs for your clients, particularly when you are faced with the problem of new selections and there is nothing very alluring to recommend.

Our experience has been that we can satisfy almost any client's requirements—from the largest to the smallest—with some type of investment company security. For us, these shares have proved an ideal investment medium and our clients have benefited handsomely. After studying the subject, I think you will find these securities just as easy to use in setting up an investment program for **your** clients. Investment company shares are so varied in their application that you can fit them to your client's needs as easily as a tailor cuts and fits a custom-made suit. Once you become well posted, you should be able to show the much-better-than-average results such as we have experienced over a period of years.

There is a pre-war story about a worker at the Fritz Mandl Bicycle Works near Vienna. Each night he sneaked out a few parts, hoping that at the end of a month they would add up to a complete bicycle. But after two months of collecting, he finally gave up because he always got a machine gun instead of a bicycle.

So with us, in these days of rare bargains when looking for good buys in standard stocks, we always wind up with a better buy in some investment company share.

Historical Background

Investment companies originated in Scotland in the 1880s. The canny Scots found that large aggregations of capital **well-diversified** and **expertly managed** fared much better than individual efforts to invest or speculate. Hundreds of millions were invested through this medium and this money was put to work throughout the world.

Large Scottish funds went into farm mortgages in this country during the 1880s and 1890s. Some of the oldest companies still retain names descriptive of their original activies, such as Scottish American Mortgage Co., Scottish Investors Mortgage Co., etc., but now they are invested in securities instead of mortgages. As farm mortgage interest rates declined from the pioneer rates of 8% and 10% to 5%, most of the Scottish funds switched to securities offering better yields.

In the United States the investment company idea took hold slowly after the turn of the century. In the beginning our companies were patterned after their Scottish forebears. One of the oldest American investment trusts, Railway & Light Securities Co., was started in Boston in 1904. Its record has been a good one. Management has been conservative and not greatly publicized, but shareholders have fared extremely well. Preferred dividends have been paid without interruption for 40 years—and have been earned by a comfortable margin.

Unfortunately, the great expansion of American investment companies came at the top of the 1929 boom. They copied the British corporate set-up, but they overlooked the fundamental British policy of investing primarily for income. Most of our investment companies answered the public clamor for appreciation—appreciation regardless of income. They issued new securities right and left, invested the huge sums realized in common stocks at the market's top. Hundreds of millions were lost because of the then little understood leverage factor. The trusts were blamed for the huge losses that were inevitable for companies with highly pyramided capitalizations, organized at peak levels. In many cases managements were as ignorant about the hazards of leverage as the public, and many of them lost far more than the public.

Central States Electric

Most notable case is probably Central States Electric Corp. The market value of the company's issues at the peak was over a billion dollars. It shrunk to a low of less than a **million** dollars in 1942, a 1,000-to-1 shrinkage. Harrison Williams owned the majority of the stock, saw its value drop from over $800,000,000 to zero. This is the most horrible example of leverage in reverse.

After the 1929 cascade, investment companies benefited greatly by the errors of judgment which had been more or less universal. Since that time their management record deserves real recognition.

Lehman Corporation

A noteworthy example is Lehman Corporation, formed in October, 1929. Lehman shares **today** are selling about 5% higher than their 1929 offering price, and stockholders who still have their original shares have pocketed $17.69 in dividends. (3½% for the period on the basis of the original offering price.) How many private or professional investors have done so well? How many of us here have anything like this record for the same period?

Past Errors and Present Protective Measures

In a few moments I will present some surprising figures on management results for the industry as a whole, but to conclude my comments on the historical aspects, a few words must be said about past errors and abuses.

Just as in any mushrooming industry some investment companies were operated by unscrupulous individuals. Thousands of investors lost their savings. The whole industry received unfavorable publicity. Government investigations disclosed abuses similar to those found earlier in some insurance companies and savings banks.

Corrective legislation was

THE
NEW YORK TRUST
COMPANY

100 BROADWAY

MADISON AVENUE AND 40TH STREET · TEN ROCKEFELLER PLAZA

CONDENSED STATEMENT OF CONDITION DECEMBER 31, 1944

ASSETS

Cash and Due from Banks	$143,427,203.90
United States Government Obligations	438,608,355.08
Other Bonds and Securities	20,871,753.89
Loans and Discounts	196,120,055.71
Real Estate Bonds and Mortgages	1,206,104.41
Equities in Real Estate	75,631.43
Customers' Liability for Acceptances	321,283.48
Interest Receivable and Other Assets	2,086,112.96
	$802,716,500.86

LIABILITIES

Capital	$15,000,000.00	
Surplus	30,000,000.00	
Undivided Profits	8,237,381.40	$53,237,381.40
General Reserve		5,913,334.83
Dividend Payable January 2, 1945		525,000.00
Acceptances		371,808.86
Reserve for Taxes and Other Liabilities		4,420,217.69
Deposits		738,248,758.08
		$802,716,500.86

In previous Statements the balance of the General Reserve account was not shown separately but was applied as a reduction of assets.

United States Government obligations and other securities carried at $196,742,474.04 in the above statement are pledged to secure United States Government deposits of $181,456,667.64 and other public and trust deposits and for other purposes required by law.

TRUSTEES

MALCOLM P. ALDRICH
New York

GRAHAM H. ANTHONY
President
Colt's Patent Fire Arms Mfg. Co.

ARTHUR A. BALLANTINE
Root, Clark, Buckner & Ballantine

JOHN E. BIERWIRTH
President

ALFRED A. COOK
Cook, Lehman, Greenman, Goldmark & Loeb

WILLIAM F. CUTLER
Vice-President
American Brake Shoe Company

RALPH S. DAMON
Vice-President & General Manager
American Airlines, Inc.

FRANCIS B. DAVIS, JR.
Chairman of the Board
United States Rubber Company

SAMUEL H. FISHER
Litchfield, Conn.

WILLIAM HALE HARKNESS
New York

HORACE HAVEMEYER, JR.
Executive Vice-President
The National Sugar Refining Company

B. BREWSTER JENNINGS
President, Socony-Vacuum Oil Co., Inc.

HOWARD W. MAXWELL
New York

HARRY T. PETERS
New York

SETON PORTER
President, National Distillers Products Corporation

ROBERT C. REAM
President
American Re-Insurance Company

MORRIS SAYRE
Executive Vice-President
Corn Products Refining Co.

VANDERBILT WEBB
New York

Member of the Federal Deposit Insurance Corporation

BROOKLYN TRUST
COMPANY

MAIN OFFICE:
177 Montague Street
Brooklyn, N. Y.

NEW YORK OFFICE:
26 Broad Street
New York, N. Y.

Summary of Statement at Close of Business, December 30, 1944

RESOURCES

Cash on Hand and due from Federal Reserve Bank and Other Banks	$ 44,044,220.50
U. S. Government Securities	152,921,563.11
State and Municipal Bonds	5,435,047.16
Other Securities	3,553,833.33
Loans and Bills Purchased	32,378,210.49
Bonds and Mortgages	1,263,767.01
Bank Buildings	3,946,321.52
Other Real Estate	1,000.00
Other Resources	1,010,585.24
	$244,554,548.36

LIABILITIES

Capital	$ 8,200,000.00
Surplus	5,000,000.00
Undivided Profits	1,477,644.71
Reserves for Contingencies	667,964.19
Dividend payable Jan. 2, 1945	164,000.00
Deposits	227,990,711.97
Reserves for Taxes, Expenses, etc.	1,054,227.49
	$244,554,548.36

As required by law, United States Government and State and Municipal bonds carried at $57,581,166.36 are pledged to secure public deposits and for other purposes.

One of the Oldest Trust Companies in the United States

MEMBER NEW YORK CLEARING HOUSE ASSOCIATION
MEMBER FEDERAL RESERVE SYSTEM AND FEDERAL DEPOSIT INSURANCE CORPORATION

passed. Most of the investment companies voluntarily aided in the framing of the new laws. Today all investment companies operate under Federal regulation. They virtually live in glass houses and every possible safeguard has been provided against fraud and misuse of funds. The public's attitude towards these companies is steadily improving. Many investment company preferreds are rising in price. Some of them are selling at the highest prices on record,—even over their call prices.

Throughout this talk you may have noted that the use of the phrase "investment trust" has been omitted when referring to the present operations of these companies. The reason: this is a misnomer. The word trust implies a service not rendered by investment companies. It also implies the same restrictions on security transactions as those imposed on banks and trust companies. So the name was officially change to investment companies. Eliminating the word trust should do much to correct some of the erroneous impressions with the public about the true functions of these companies.

Performance

Our performance records on the 58 leading companies, published annually, show the good **and** bad management results of the inindividual companies. This is the standard reference data in the field.

In 1943, 58 combined funds showed a **32%** gain in net assets while the Dow-Jones Composite Stock Average went up **28%**. The better showing of the investment companies may seem small, but the Dow-Jones Average is a fully invested position whereas the investment companies had about 8% in cash and 15% in bonds and preferreds. At the same time wide diversification in the balance of the portfolios provided a large mmargin of safety.

The continuous expert supervision of these funds shows even more marked results over longer periods of time. During the past five difficult years in our war-ridden markets—net assets of 57 investment companies were up **29%** compared with the Dow-Jones' 22%.

Some individual companies have shown more startling increases in assets over longer periods. Here is the record from 1930 to 1943:

Loomis-Sayles Mutual Fund, up 190%;

General American Investors, up 136%;

State Street Investment, up 122%.

Lehman Corporation, up 91%.

Thirty-nine companies as a group gained 29% during the 14-year period. Please note that these are all **gains.** During the same period the Dow-Jones Averaged **declined** 23%.

This should be proof enough that these companies do better than the market Averages. We report figures on all the individual companies in our year-book. I have a copy handy if any of you want to see it later. In passing

(Continued on page 78)

Business Established 1818

BROWN BROTHERS HARRIMAN & CO.

PRIVATE BANKERS

NEW YORK BOSTON PHILADELPHIA

Statement of Condition, December 31, 1944

ASSETS

Cash on Hand and Due from Banks	$ 38,129,178.84
United States Government Securities	59,515,926.73
State, Municipal and Other Public Securities	33,703,938.87
Other Marketable Securities	5,018,425.29
Loans and Discounts	38,982,821.59
Customers' Liability on Acceptances	4,724,091.63
Other Assets	537,738.23
	$180,612,121.18

LIABILITIES

Deposits—Demand	$156,583,729.18	
Deposits—Time	4,311,685.75	$160,895,414.93
Acceptances	$ 5,050,329.69	
Less Held in Portfolio	510,626.52	4,539,703.17
Accrued Interest, Expenses, etc.		71,719.54
Reserve for Contingencies		1,500,000.00
Capital	$ 2,000,000.00	
Surplus	11,605,283.54	13,605,283.54
		$180,612,121.18

U. S. Government Securities Par Value $700,000 are Pledged to Secure Public Deposits as Required by Law.

PARTNERS

Moreau D. Brown
Thatcher M. Brown
Prescott S. Bush
Louis Curtis
E. R. Harriman
*W. A. Harriman
Stephen Y. Hord
Thomas McCance
Ray Morris
H. D. Pennington
Knight Woolley

FACILITIES

Complete Facilities for Domestic and Foreign Banking
Deposit Accounts • Loans • Acceptances Commercial Letters of Credit
Brokers for Purchase and Sale of Securities
Investment Advisory Service

Managers

Edward Abrams
David G. Ackerman
Charles F. Breed
Alister C. Colquhoun
*H. Pelham Curtis
*Charles W. Eliason, Jr.
Howard P. Maeder
Ernest E. Nelson
*Donald K. Walker
*John C. West

Assistant Managers

Merritt T. Cooke
James Hale, Jr.
William A. Hess
Joseph R. Kenny
F. H. Kingsbury, Jr.
Joseph C. Lucey
Thomas J. McElrath
*Edwin K. Merrill
Herbert Muhlert
Arthur K. Paddock
William F. Ray
Arthur R. Rowe
L. Parks Shipley
*Eugene W. Stetson, Jr.
Gale Willard
Harry L. Wills

George E. Paul, *Comptroller* Arthur B. Smith, *Auditor*

*Now in Government Service.

Licensed as Private Bankers and subject to examination and regulation by the Superintendent of Banks of the State of New York and by the Department of Banking of the Commonwealth of Pennsylvania. Subject to supervision and examination by the Commissioner of Banks of the Commonwealth of Massachusetts.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, DECEMBER 30, 1944

RESOURCES

Cash and Due from Banks	$ 900,689,410.72
U. S. Government Obligations, direct and fully guaranteed	2,899,834,061.16
State and Municipal Securities	108,605,889.49
Other Securities	135,574,896.74
Loans, Discounts and Bankers' Acceptances	1,041,046,484.23
Accrued Interest Receivable	11,470,847.95
Mortgages	6,566,439.66
Customers' Acceptance Liability	6,656,246.61
Stock of Federal Reserve Bank	7,050,000.00
Banking Houses	34,941,796.76
Other Real Estate	3,983,963.07
Other Assets	3,583,919.27
	$5,160,003,955.66

LIABILITIES

Capital Funds:		
Capital Stock	$111,000,000.00	
Surplus	124,000,000.00	
Undivided Profits	49,800,385.68	
		$ 284,800,385.68
Dividend Payable February 1, 1945		5,180,000.00
Reserve for Contingencies		11,338,137.44
Reserve for Taxes, Interest, etc.		11,240,827.64
Deposits		4,835,219,257.93
Acceptances Outstanding	$ 11,563,912.27	
Less Amount in Portfolio	4,315,828.12	7,248,084.15
Liability as Endorser on Acceptances and Foreign Bills		124,332.72
Other Liabilities		4,852,930.10
		$5,160,003,955.66

United States Government and other securities carried at $1,265,557,440.00 are pledged to secure U. S. Government War Loan Deposits of $1,094,886,463.41 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

An Option On the Market

(Continued from page 77)

on to a discussion of leverage shares all we need take for granted is that their portfolios will do **as well** as the Averages.

Explanation of Leverage

Leverage is a term often used by all of us. It is seldom understood by the layman and unusually difficult to explain to him. After years of study I have failed to find a simple explanation. Webster defines leverage as "the mechanical advantage gained by use of a lever." Applied to investments I would define it as "the **speculative** advantage gained by the use of senior capital." The result: a margin account minus the headache.

In investment companies leverage exists because of fixed senior capital such as bank loans, bonds, or preferred stock. Unless this senior capital has a participating feature only the common stock benefits directly from a rise in the company's assets.

The term leverage is generally confined to investment companies although margin accounts, collateral loans and industrial companies with senior capital provide similar situations.

This gadget demonstrates the principle of leverage better than anything I can tell you.

The black weight represents the total assets of a leverage investment company. The white weight is the senior fixed capital. The red weight is the common stock. The white weight is ten times heavier than the red weight. The combined weight of the red and white objects equal that of the black one. The scale represents the varying values in the market.

Moving the black weight (total assets) from 1 inch to 1½ inches on the scale is equivalent to an increase of 50% in its value. This is reflected in a 5½ inch movement of the red weight from 1 inch to 6½ inches.

This demonstrates a leverage factor of 11 to 1.

Now, let us see how this theory applies with some specific figures:

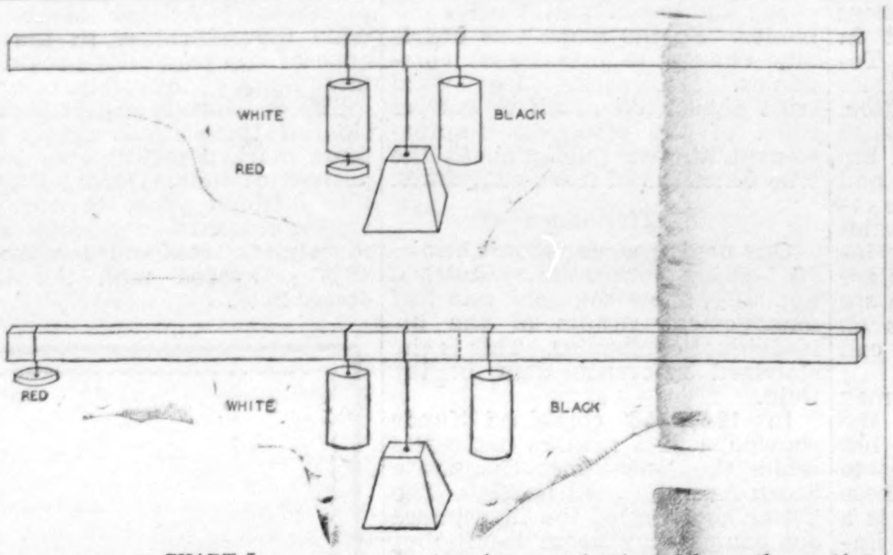

CHART I
TYPICAL LEVERAGE INVESTMENT COMPANY PERFORMANCE
Investment Company A
(000's omitted)

	Present Value	50% Increase
Total assets	$22,000	$33,000
Represented by:		
Preferred stock	$20,000	20,000
Common stock equity	2,000	13,000
Common stock outstanding (shares)	2,000	2,000
Common stock asset value	$1.00	$6.50

Here we have a similar case, a 50% rise in total assets. Note how the preferred stock obligation remains constant and how the entire appreciation accrues to the benefit of the common stock. In this case the common stock asset value has risen from $1 to $6.50—an appreciation of 550% while the total assets have only risen 50%.

Here again we see a leverage factor of 11 to 1.

This may all seem academic but this with preliminary I find it helpful to explain more easily the points which follow.

Here in Chart II we illustrate 2 companies with the same amount of assets but different **Capitalizations.**

CHART II
VARIATIONS IN LEVERAGE RESULTS
First Stage
(000's omitted)

	Company A	Company B
Total assets	$22,000	$22,000
Represented by:		
Preferred stock	20,000	10,000
Common stock	2,000	12,000
Common stock outstanding (shares)	2,000	12,000
Asset value of common	$1	$1
Working assets per common share	$11	$1.83

It will be noted above that the common stock of each company has the same asset value—$1.00 per share. However, Company A has $20,000,000 of preferred outstanding while Company B has $10,000,000 of preferred outstanding. Company A therefore provides greater leverage for its common stock. Futhermore Company B has 12,000,000 common shares outstanding compared with 2,000,000 shares of Company A. This adds to the leverage of Company A's common stock. Company A has $11 of working assets per common share; Company B has

CORN EXCHANGE BANK
TRUST COMPANY

ESTABLISHED 1853

A Bank Statement that any Man or Woman can Understand

Condensed Statement as of close of business December 31, 1944

Our Deposits and Other Liabilities are	$680,602,630.26
(includes $81,036,069.77 U. S. deposits)	
To meet this indebtedness we have:	
Cash in Vaults and Due from Banks	$155,327,786.07
U. S. Government Securities	491,375,697.30
($97,409,704.59 pledged to secure deposits and for other purposes as required by law.)	
Other Securities	13,160,217.84
Loans and Discounts	38,719,584.84
First Mortgages	7,194,749.46
Customers' Liability on Acceptances	331,609.26
Banking Houses	10,373,598.63
Other Real Estate	125,411.18
Accrued Interest Receivable	1,913,575.95
Other Assets	258,971.17
Total to Meet Indebtedness	$718,781,201.70
This Leaves	$ 38,178,571.44

Capital, $15,000,000.00; Surplus and Undivided Profits, $23,178,571.44

BOARD OF DIRECTORS

ROBERT A. DRYSDALE
Drysdale & Company
DUNHAM B. SHERER
Chairman
C. WALTER NICHOLS
Chairman, Nichols Engineering & Research Corporation
GEORGE DOUBLEDAY
Chairman, Ingersoll-Rand Company
ETHELBERT IDE LOW
Chairman, Home Life Insurance Company
HENRY A. PATTEN
Vice President
RALPH PETERS, JR.
President
JOHN H. PHIPPS
In Government Service
EDMUND Q. TROWBRIDGE
BRUNSON S. McCUTCHEN
Consulting Engineer
WILLIAM G. HOLLOWAY
Vice President, W. R. Grace & Company
HERBERT J. STURSBERG
Treasurer, Livingston Worsted Mills, Inc.
JOHN R. McWILLIAM
First Vice President
E. MYRON BULL
President, A. H. Bull & Co., Inc.
SIDNEY A. KIRKMAN

Member Federal Deposit Insurance Corporation.

The Corn Exchange Safe Deposit Company operates vaults in 56 of the 74 branches conveniently located throughout the City of New York.

United States War Savings Bonds and Stamps are on sale at all offices.

GRACE NATIONAL BANK
OF NEW YORK
7 HANOVER SQUARE, NEW YORK

Statement of Condition, December 31, 1944

RESOURCES

Cash in Vault and with Banks		$16,015,168.85
Demand Loans to Brokers, Secured		2,575,000.00
U. S. Government Securities		39,446,301.60
State, Municipal and other Public Securities		2,616,254.85
Other Bonds		93,098.10
Loans and Discounts		22,625,291.27
Stock of Federal Reserve Bank		135,000.00
Customers' Liability for Acceptances		363,975.82
Accrued Interest and Other Assets		520,874.13
		$84,390,964.62

LIABILITIES

Capital Stock	$2,000,000.00	
Surplus	2,500,000.00	
Undivided Profits	766,230.17	$ 5,266,230.17
Deposits*		77,567,535.59
Certified and Cashier's Checks Outstanding		456,770.32
Acceptances	673,251.94	
Less Own Acceptances in Portfolio	295,295.66	377,956.28
Reserve for Contingencies, Interest, Expenses, etc.		722,472.26
		$84,390,964.62

*Includes U. S. Government Deposits aggregating $15,042,450.32

DIRECTORS

HUGH J. CHISHOLM
President, Oxford Paper Co.
ROBERT J. CUDDIHY
Vice-President and Treasurer, Funk & Wagnalls Company
CHESTER R. DEWEY
President
DAVID DOWS
New York
ROBERT E. DWYER
Executive Vice-President, Anaconda Copper Mining Company
D. S. IGLEHART
President, W. R. Grace & Co.
CLETUS KEATING
Kirlin, Campbell, Hickox & Keating
D. C. KEEFE
President, Ingersoll-Rand Company
DAVID M. KEISER
President, The Cuban-American Sugar Company
HAROLD KINGSMILL
Director, Cerro de Pasco Copper Corporation
W. H. LA BOYTEAUX
President, Johnson & Higgins
CLARK H. MINOR
President, International General Electric Co., Inc.
WILLIAM M. ROBBINS
Vice-President, General Foods Corporation
HAROLD J. ROIG
President, Pan American-Grace Airways, Inc.
JAMES H. SHARP
Vice-President

The Grace name has been identified with domestic and international banking and commerce for almost a century.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

$1.83 of working assets per common share. Chart III shows what happened to both companies after a 50% rise in total assets.

CHART III

VARIATIONS IN LEVERAGE RESULTS

Second Stage

(000's omitted)

	After an Increase of 50% in Market Values Company A	After an Increase of 50% in Market Values Company B
Total assets	$33,000	$33,000
Represented by:		
Preferred stock	20,000	10,000
Common stock	13,000	23,000
Common stock outstanding (shares)	2,000	12,000
Asset value of common	$6.50	$1.91
% increase in value of common	550%	91%

While both common stocks have increased in asset value **more** than the 50% increase in the market, the common stock of Company A is up 550%, that of Company B is up a mere 91% in asset value Company A's shares appreciated 6 times as much because of their greater leverage factor. This seems so simple you may wonder why I mention it.

The reason: Many investors overlook capitalization in leverage investment company shares and try to compare issues on a price basis. For instance, Adams Express and U. S. & Foreign have approximately the same amount of assets today — $35,000,000. Their shares sell at about the same price. Despite this the shares are totally incomparable because of the difference in capitalization.

U. S. & Foreign's preponderance of senior capital makes its stock far more volatile than that of Adams Express. In fact, U. S. & Foreign should move 3 times faster than Adams Express in any important general market fluctuation, (in both directions, of course).

Greater gains (and losses, too) will invariably occur in those issues with the greatest leverage factor.

To get the leverage factor we divide the total assets by the number of common shares. Thus, Company A (in Chart III) possesses a leverage factor of 16½ to 1.

But the market price must be related to the leverage factor to get **actual leverage**. Thus if common shares with working assets of $16½ are selling at $4, **the actual leverage** is about 4 to 1. If the shares are selling at $2, **the actual leverage** is 8 to 1.

Another important calculation necessary to establish actual leverage: eliminate cash, investments in high-grade bonds, non-speculative preferreds and other non-volatile assets in figuring per share **working assets**. This must be done because such static assets will not move with the general trend of the market.

Here are specific examples to illustrate my point:

RAIWAY & LIGHT SECURITIES CO., as previously mentioned, is a well managed leverage investment company. Its total assets are currently about $10,000,000. There are 163,140 common shares outstanding. The apparent leverage factor is high, with about $60 of working assets per share. However, $5,000,000 (or half of the total assets) are in cash, Governments, and non-volatile securities. After eliminating this amount, the working assets per share of common are about $30, and when compared with the prevailing market of $15 per share, we find the **actual leverage** only 2 to 1, whereas on superficial calculation it appears to have an actual leverage of 4 to 1. ($15 of market price divided into $60 of working assets.)

On the other hand, 96% of AMERICAN CITIES POWER & LIGHT assets are invested in common stocks. This portfolio, is therefore particularly advantageous to its common stockholders in a rising market. Here one finds the full effect of leverage, and naturally the asset value of the common fluctuates sharply in any rise or fall of the general market. Talk of Railway & Light Securities Co. reminds me to warn you about investment company **names.** They are apt to confuse you if you are unfamiliar with their present operations. For instance, less than 7% of Railway and Light's total assets are railroad or utility common stocks. Adams Express is **not** a transportation company; American International, Tri-Continental, and U. S. & Foreign hold **no** foreign assets and haven't for many years; Carriers & General owns less than 12% in railroad issues; Utility Equities hold only about 15% in utility securities; and National Bond and Share has only 20% of its total assets in bonds.

This brings to mind an amusing experience of an investment counselor friend who was consulted by a rich widow. The charming lady knew nothing about investments so her advisor outlined a general program which included investment in securities of new and growing industries as well as of established, fundamental industries. He summed these up as (1) electronics and sound, (2) chemicals, (3) foods, (4) transportation. The lady thanked him for his advice, promised to return for specific recommendations. A month later my friend met her at a country club dance and expressed surprise that he hadn't heard from her. "Oh," she said, "I bought all those stocks. I picked them out of the paper. In the electronics field, I selected Howe Sound; for a good chemical stock I picked Chemical National Bank; my choice on the food stocks was Roan Antelope, and for that transportation stock, I got some Adams Express."

(Continued on page 81)

FULTON TRUST COMPANY

OF NEW YORK

149 BROADWAY (*Singer Building*) NEW YORK 6
1002 MADISON AVE. (*Bet. 77th & 78th Sts.*) NEW YORK 21

CONDENSED STATEMENT, DECEMBER 30, 1944

RESOURCES

Cash in Vault	$ 365,846.00	$40,937,297.88
Cash on Deposit in Federal Reserve Bank of New York	6,394,602.90	
Cash on Deposit in other Banks	164,638.36	
U. S. Government Securities	32,558,848.72	
Demand Loans Secured by Collateral	1,453,361.90	
State and Municipal Bonds		327,127.60
Federal Reserve Bank of New York Stock		120,000.00
Other Securities		1,516,289.82
Time Loans Secured by Collateral		985,179.65
Overdrafts—Secured		3,215.02
Real Estate Bonds and Mortgages		224,116.94
Real Estate (Branch Office)		100,000.00
Other Real Estate		118,042.60
Accrued Interest and Other Resources		131,485.79
		$44,462,755.30

LIABILITIES

Due Depositors		$39,048,588.62
Dividend No. 161 Payable January 2, 1945		30,000.00
Reserved for Taxes, Expenses and Contingencies		267,696.50
Capital	$2,000,000.00	
Surplus	2,000,000.00	
Undivided Profits	1,116,470.18	
		5,116,470.18
		$44,462,755.30

BOARD OF DIRECTORS

EDMUND P. ROGERS, *Chairman of the Board*
ARTHUR J. MORRIS, *President*

STANLEY A. SWEET
BERNON S. PRENTICE
FRANKLIN B. LORD
RUSSELL E. BURKE
HENRY W. BULL
JOHN A. LARKIN
O'DONNELL ISELIN
E. TOWNSEND IRVIN
STEPHEN C. CLARK
CHARLES SCRIBNER
CHARLES S. BROWN
RUSSELL V. CRUIKSHANK
DE COURSEY FALES
CHARLES J. NOURSE
CHARLES S. MCVEIGH

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SPECIALIZING IN PERSONAL TRUSTS & BANKING

THE

PHILADELPHIA

NATIONAL BANK

The Oldest and Largest Bank in Pennsylvania

Organized 1803

Statement of Condition, December 30, 1944

RESOURCES

Cash and due from Banks		$179,670,195.27
U. S. Government Securities		471,028,479.15
State, County and Municipal Securities		10,547,043.46
Other Securities		29,499,884.04
Loans and Discounts		78,800,074.86
Accrued Interest Receivable		2,176,993.07
Customers' Liability Account of Acceptances		2,403,399.12
Bank Buildings		1.00
		$774,126,069.97

LIABILITIES

Capital Stock (Par Value $20.00)		$ 14,000,000.00
Surplus		28,000,000.00
Undivided Profits		9,958,268.70
Reserve for Taxes		2,531,815.94
Dividend (Payable January 2, 1945)		875,000.00
Unearned Discount and Accrued Interest		145,851.18
Acceptances		3,248,617.88
Deposits		
United States Treasury	$101,518,722.75	
All Other Deposits	613,847,793.52	715,366,516.27
		$774,126,069.97

Philadelphia, Pa.

Member of the Federal Deposit Insurance Corporation

"The Gentlemen Talk Of Peace":

W. B. ZIFF

A new book from the pen of William B. Ziff on the subject of peace entitled "The Gentlemen Talk of Peace," has just been published by the Macmillan Company. The author poses this question: Are we, through ignorance and unfounded optimism, already sowing the seeds of an even greater and more devastating conflict than that from which we are about to emerge? The answer, Mr. Ziff believes, will depend on whether or not we can recognize and evaluate the dynamic and competitive power forces which are already shaping the world of tomorrow. He also believes that any settlements which may be reached, and any world organization for peace which is established, will be no better and no worse than the pacts, alliances, and arrangements of the past, unless the real nature of the present world crisis is analyzed.

With a realistic approach based on long familiarity with military and international affairs, Mr. Ziff analyzes the situation in which each of the major countries finds itself as the war draws to a close. Many of the facts he presents are already available to specialists, but this is the first time they have been so marshaled as to give the public an over-all picture of the world today with the contradictions and dangers it holds for the peace of tomorrow. The solution to our difficulties which Mr. Ziff offers is a drastic one; but in his opinion nothing short of drastic measures can maintain the peace in a world torn by social, economic, and political revolution.

This book is a brilliantly argued and powerfully written plea for intelligent thought and intelligent action. Mr. Ziff has had a wide and intimate acquaintance with diplomatic and military developments of the last decade, and has, it is stated, been consulted by both our own and foreign governments. He has also appeared before committees of both Houses of Congress as an expert witness on foreign and military affairs.

Mr. Ziff is the author of "The Coming Battle of Germany," a best seller of 1942 which, it is claimed with authority, had a direct influence on the conduct of the war. The author's earlier book entitled "The Rape of Palestine," is now regarded a standard reference in its field.

Mr. Ziff was born in Chicago 46 years ago, and served with the 202nd Aero Squadron in World War I. He spent several years abroad studying international affairs, and has written many general and special articles for technical and other magazines and journals.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Edward B. Watson** is now associated with **Paine, Webber, Jackson & Curtis,** 24 Federal Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Vincent Blake Allison** has become connected with **F. L. Putnam & Co., Inc.,** 77 Franklin Street. Mr. Allison formerly was with Tifft Brothers, and E. M. Dickinson & Co. In the past he was in business for himself in New Bedford.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Ernest S. Coletti** has been added to the staff of **Trusteed Funds, Inc.,** 33 State Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Leonard D. Dayton** is with **Holley, Dayton & Gernon,** 208 South La Salle Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**David W. Lindgren** has become affiliated with **E. H. Rollins & Sons, Inc.,** 135 South La Salle Street. Mr. Lindgren in the past was with Link, Gorman & Co., Inc., and Webber, Darch & Co.

No Early Prospect of Service on Peruvian Debt

Under date of Jan. 3, the Foreign Bondholders Protective Council points out that in the statement of the Council, issued June 20, 1944, it was stated that the negotiations in Lima looking to resumption of payment on the Peruvian dollar bonds had been unsuccessful but that a resumption of discussions in the Fall was contemplated. As the Council receives almost daily inquiries on the subject, a further report seems necessary, and in its Jan. 2 advices it says:

"It is disappointing to report no progress in Peru. Discussions have not been resumed and there is no early prospect of service on the debt. The situation will continue to receive the Council's constant attention."

BANKERS TRUST COMPANY

NEW YORK

CONDENSED STATEMENT OF CONDITION, DECEMBER 31, 1944

ASSETS

Cash and Due from Banks . . .	$ 312,525,167.20
U. S. Government Securities . . .	1,059,569,241.35
Loans and Bills Discounted . . .	444,931,343.47
State and Municipal Securities . .	9,646,523.19
Other Securities and Investments .	47,855,644.28
Real Estate Mortgages	286,664.86
Banking Premises	15,548,833.64
Accrued Interest and Accounts Receivable	5,433,484.93
Customers' Liability on Acceptances	978,434.84
	$1,896,775,337.76

LIABILITIES

Capital	$30,000,000.00	
Surplus	80,000,000.00	
Undivided Profits	27,344,871.13	$137,344,871.13
Dividend Payable January 2, 1945 .		875,000.00
Deposits		1,726,073,556.53
Bills Payable		24,000,000.00
Accrued Interest, Taxes, etc. . .		5,403,816.90
Acceptances Outstanding . .	$1,005,937.40	
Less Amount in Portfolio .	25,425.25	980,512.15
Other Liabilities		2,097,581.05
		$1,896,775,337.76

Securities in the above statement are carried in accordance with the method described in the annual report to stockholders, dated January 13, 1944. Assets carried at $634,040,925.27 have been deposited to secure deposits, including $583,022,892.44 of United States Government deposits, and for other purposes.

Member of the Federal Deposit Insurance Corporation

FIDELITY-PHILADELPHIA TRUST COMPANY

Organized 1866

Statement of Condition, December 30, 1944

●

ASSETS

Cash on Hand and due from Banks		$40,206,798.33
Loans		32,654,350.22
Investments:		
U. S. Government Securities		112,652,407.80
State, County and Municipal Securities		2,561,004.94
Other Investments		11,815,719.09
Mortgages		2,228,837.87
Investment in Fidelity Building Corporation		3,134,036.58
Real Estate Owned		866,787.22
Vaults, Furniture and Fixtures		1,075,863.93
Accrued Interest Receivable		757,439.99
Prepaid Taxes and Expenses		180,428.77
Cash and Transient Collections		611,190.67
Other Assets		104,421.18
		$208,849,286.59

LIABILITIES

Capital		$6,700,000.00
Surplus		13,000,000.00
Undivided Profits		3,076,226.47
Reserve for Contingencies, etc.		1,250,065.09
Reserve for Interest, Taxes, etc.		639,321.71
Other Liabilities		22,500.00
Deposits:		
United States Treasury .	46,755,616.96	
Other Deposits	137,405,556.36	184,161,173.32
		$208,849,286.59

United States Government obligations and other securities carried in the above statement are pledged to secure Government, State and Municipal deposits, Clearing House Exchanges, and for fiduciary purposes as required by law in the sum of $55,495,647.78.

MARSHALL S. MORGAN
President

KENNETH G. LE FEVRE
Treasurer

135 South Broad Street, Philadelphia 9

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

An Option On the Market

(Continued from page 79)

How to Use Leverage Shares

Now we come to the dual-purpose aspects of leverage investment company shares. And here we talk out of both sides of the mouth at one time—but with complete sincerity. For optimists or pessimists can serve their purposes at almost any stage of the market by purchasing these shares. Here, as I said at the beginning, you can tell your customers that they can have their cake and eat it too.

There is the pessimist who has seen the market rise for several years, wants to sell out but can't quite make up his mind. We can show how he can liquidate 75% of his holdings in standard common stocks, place the remaining 25% in well chosen high leverage issues and benefit as much in a rising market as if he were fully invested.

For example, suppose an investor has 100 shares of A. T. & T. selling at about 160. If the Dow-Jones doubled, A. T. & T. might also double in value and sell at $320 per share. If pessimistic, this investor can sell his 100 shares of A. T. & T. for $16,000, invest $4,000 in a high leverage stock like U. S. & Foreign, and obtain the same dollar appreciation as if he continued with his $16,000 investment in A. T. & T.

The explanation lies in the fact that with the current position of U. S. & Foreign, we would expect this stock to move about 5 times faster than the general market, for its **actual leverage** is about 5 to 1. On an advance of 100% in the general market, U. S. & Foreign should advance from its present price of $10 to about $50 per share. Therefore, one can visualize this $4,000 invested in U. S. & Foreign, increasing in value to about $20,000, if the general market doubled in value. The net gain of $16,000 would be the same as that obtained by continuing with the $16,000 investment in A. T. & T.

In reverse, if the market declined sharply, say to 100 on the Dow-Jones—A. T. & T. might sell at about 100 with a loss of $6,000 from its current price. At that level, U. S. & Foreign might be selling at 2½ with a loss of $3,000 from the current price. The pessimist has lost about $3,000 less than if he had held his A. T. & T.

Thus he can release $12,000 from the market at the present time, and gain practically the same dollar profit in any sharp rise. In this example, he reduces his chance of loss to a maximum of about 20%, assuming a drop to 100 in the Dow-Jones Industrial Average. On the other hand, a 100% rise in the market would give him the same dollar result on the upside. This is almost the perfect speculation for the pessimist—he loses nothing if the market runs away; he saves 20% of his capital if the market goes to hell. In the meantime, he sleeps well, eats well and doesn't have to consult a doctor about his ulcers.

Now for the optimist: It is easy to see that the man who is bullish on the market can find a number of issues among leverage investment company stocks, where he can expect appreciation 4 or 5 times the amount of his commitment, and in some of the extreme "underwater" stocks, or option warrants, he can still find issues with a leverage factor of 10 to 1.

Of particular significance to the optimist, is the knowledge that he has the advantages of working on margin with none of the headaches. If he buys these leverage shares outright, he will never be wiped out by a margin call. A sold out margin account has no chance for a come-back. No matter how low the market goes, there will always be some value to these leverage stocks, for they are in fact perpetual options on the market.

In applying the principle of leverage, it is highly important to recognize **the ratio of leverage** possessed by the various investment company issues. As mentioned previously the price of a share is no indication of its volatility. Yet it is surprising how many people think that a low priced leverage share necessarily possesses high leverage. For instance, Blue Ridge Common selling at 2¾ appeals to many traders because it is a low priced stock and the name is reminiscent of high gyrations in 1929. As you will note in our leverage table (Chart IV), this stock currently has a leverage ratio of about 2 to 1. This low ratio is accounted for by the large number of shares outstanding, 7,500,000 shares. Here is our current "batting order" of all the leading leverage investment company issues:

CHART IV

VOLATILE WORKING ASSETS PER DOLLAR OF MARKET PRICE

Stock—	Current Price	Volatile Work. Assets Per Share Per Dollar of Mkt. Price
U. S. & International	1	$11.92
Selected Industries	1	11.48
Selected Indus. Conv.	8⅝	6.45
Utility Equities	1⅞	5.62
U. S. & Foreign Sec.	10⅜	4.87*
Tri-Continental Corp.	4½	4.48*
General Shareholdings	2	3.98
Central States Deb.	51¾	3.29
Capital Administration	9¼	3.29
Equity Corporation	1⅜	3.14*
Pacific-American Inv.	2⅝	2.86
General Public Service	1⅞	2.85
American Cities P. & Lt.	3⅜	2.28*
American General Inv.	7⅜	2.05*
American International	8⅛	1.99
Adams Express	12⅜	1.98*
Blue Ridge Corp.	2¾	1.98
Railway & Light Sec.	15¼	1.92
American European Sec.	10	1.75
Niagara Share Corp.	6¾	1.58
U. S. & Int'l Preferred	90½	1.37
Atlas Corp.	15½	1.23
General Amer. Investors	14¼	1.16
Chicago Corp.	7¼	.93†
Dow-Jones	146.53	

*Includes holdings in investment trusts at volatile working assets per share.

†Does not include $19,000,000 estimated value of oil and gas properties, equal to $0.93 additional.

These figures are adjusted by us as market changes affect the various issues. We also make adjustments as published portfolios of the companies show changes in volatile assets.

Special Uses of Investment Company Shares

I could continue talking a great deal longer on leverage as it is a fascinating subject to me with its many mathematical problems. However, the time is growing short and I would like to conclude with a few suggestions on the special uses of investment company shares.

It seems an economic waste for a broker to try to assemble a diversified list of stocks for the average small investor. There are millions of people who occasionally have a few thousand dollars to invest in securities, just as Mr. Ruml depicted his venerable father, an Iowa country doctor, faced with the problem of occasionally investing his modest savings. Why try to suggest 10 shares of General Motors, 10 shares of General Electric, etc., when such an investor can easily put his entire $2,000 in a soundly managed investment company issue—or 2 or 3 issues if you want to diversify managements. The investor is well served because he obtains far greater diversification than he ever dreamed was possible and what is more important he obtains continuous supervision of his investment. Furthermore, the final cost to the investor is less. Do you know that if an investor bought 1 share each of the 65 stocks represented by the Dow-Jones Composite Average it would cost him about $3,500 today, and the commissions and odd lot charges would amount to about $350 or 10% of his purchase?

By concentrating these smaller investment accounts in investment company shares you are relieved of the costly burden of assembling a proper list of recommendations, and of the moral obligation of attempting to supervise your selections. You can offer your clients any one of nearly 100 open-end common stock funds, 13 closed-end non-leverage funds, and 36 leverage issues if he is speculatively inclined. In addition there are 10 specialized preferred stock and bond funds available in the open-end companies and 24 preferred stocks in the closed-end companies. The long term records of these companies are available in our year-book and many are also published quarterly by Barrons so you can make your recommendations based on past records or other special features as you see fit.

Tax Sale Replacements

In effecting tax sales at this time, investment company issues offer numerous helpful ideas. If you are selling any of the high grade standard stocks and have no positive replacement suggestions to offer or if the sale represents a relatively small amount of money, a standard non-leverage open-end or closed-end common stock issue might be suitable.

If you are selling a high yield industrial preferred and require a replacement, some of the closed-end investment company preferreds, or one of the open-end specialty funds with an entire preferred stock portfolio might prove a practical replacement.

In certain industries, it is possible to find an investment company issue which can replace certain similar common stocks, viz:

Aviation—National Aviation.
Chemicals—Chemical Fund.
Insurance—Century Shares, Insuranshares.
Mining—Newmont.
Oils—Petroleum Corp.
Real Estate—Sheraton Corp.
Tobacco — Tobacco & Allied Stocks.
Utilities — American Cities, American Superpower.

There are also numerous open-end funds where almost all the major industries are represented by specialized group funds such as:

Agricultural Shares.
Automobile Shares.
Aviation Shares.
Building Shares, etc.

These provide simple replacement suggestions when you have nothing very special to recommend as a tax sale replacement.

I thank you for your very kind attention and I will now endeavor to answer such questions as you may wish to present.

Baldwin & Co. Merges With B. F. White Co.

BOSTON, MASS. — It is announced that effective Jan. 2, 1945, the business formerly conducted by Baldwin & Co., established in 1925, and B. F. White & Co., Inc., established in 1922, will be succeeded by the firm of Baldwin, White & Co.

Partners in Baldwin, White & Co., members of the Boston Stock Exchange, are Lester G. Bruggemann, Howard S. Harris, and Benjamin F. White. The main office is located at 30 Federal Street, Boston, a branch being maintained in Portland, Me., in the Chapman Building.

R. H. Woodward, Jr. Opens Advisory Office

Richard H. Woodward, Jr., has opened offices at 115 Broadway to engage in business as a registered investment advisor and financial consultant. Mr. Woodward was associated with Merrill, Lynch & Co. from 1919 to 1930; a general partner of E. A. Pierce & Company from 1930 to 1940; and more recently with Merrill Lynch, Pierce, Fenner & Beane.

Guaranty Trust Company of New York

FIFTH AVE. OFFICE
Fifth Ave. at 44th St.

MAIN OFFICE
140 Broadway

MADISON AVE. OFFICE
Madison Ave. at 60th St.

LONDON: 11 Birchin Lane, E. C. 3; Bush House, W. C. 2

Condensed Statement of Condition, December 31, 1944

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers		$ 519,876,568.15
U. S. Government Obligations		2,362,481,367.07
Loans and Bills Purchased		826,356,970.19
Public Securities	$ 55,253,524.53	
Stock of the Federal Reserve Bank	7,800,000.00	
Other Securities and Obligations	27,049,236.86	
Credits Granted on Acceptances	3,060,979.90	
Accrued Interest and Accounts Receivable	12,188,286.59	
Real Estate Bonds and Mortgages	1,609,493.08	
		106,961,520.96
Bank Buildings		9,649,172.19
Other Real Estate		836,282.98
Total Resources		$3,826,161,881.54

LIABILITIES

Capital	$ 90,000,000.00	
Surplus Fund	170,000,000.00	
Undivided Profits	42,222,570.91	
Total Capital Funds		$ 302,222,570.91
General Contingency Reserve		33,520,902.91
Deposits	$3,432,887,604.54	
Treasurer's Checks Outstanding	8,149,036.21	
Total Deposits		3,441,036,640.75
Federal Funds Purchased		21,750,000.00
Acceptances	$ 6,578,084.22	
Less: Own Acceptances Held for Investment	3,517,104.32	
	$ 3,060,979.90	
Liability as Endorser on Acceptances and Foreign Bills	82,590.00	
Foreign Funds Borrowed	246,486.00	
Dividend Payable January 2, 1945	2,700,000.00	
Items in Transit with Foreign Branches (and Net Difference in Balances between Offices Due to Different Statement Dates of Foreign Branches)	815,324.12	
Accounts Payable, Reserve for Expenses, Taxes, etc.	20,726,386.95	
		27,631,766.97
Total Liabilities		$3,826,161,881.54

Securities carried at $1,211,049,727.96 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

This Statement includes the resources and liabilities of the English and French Branches as of December 26, 1944, and Belgian Branch as of October 31, 1941.

Member Federal Deposit Insurance Corporation

Sentiment For And Against Peace-Time Training Equally Divided

(Continued from page 59)

view of the fact that our National Budget is so severely unbalanced, the cost of such an undertaking must have some consideration. Under the circumstances, I personally feel that a six months' period of training is sufficient at the moment and if, at a later date, it is desirable to increase this period, the time element could be adjusted. I am not unmindful that our military men have made a careful study of the time element and there, undoubtedly, might be certain groups which require a somewhat longer period in order to become more proficient.

REV. WILBUR E. HAMMAKER

Resident Bishop, Denver Area, The Methodist Church, Denver, Colo.

I am unalterably opposed to compulsory military training in peacetime. Many of my friends believe that it is good strategy to ask for the deferment of the consideration of this whole question until after the war ends. I heartily agree with that position. But I am not willing to have folks infer that I have suspended judgment. I am sure that no arguments will be likely to convince me to change my conscientious attitude. Of course, I do not want to lay myself open to the charge of having an absolutely closed mind.

Bishop Hammaker

Yet I am so basically convinced that military training in peacetime is a denial of all that we have been standing for in my generation that it seems to me to be utterly unthinkable. Before my time, the fixed thought of the American people was that the military system inevitably made for war. This nation prided itself on having its face turned toward peace. With a determination to escape the pitfalls of the military psychology, the United States steadfastly refused to entertain the idea of military conscription in peacetime. To depart from this tradition now would be so revolutionary in our own thinking, and so susceptible to suspicion on the part of other nations, that I cannot envision the possibility of a wise Congress enacting such legislation.

R. A. GEARY

President, The Merchants National Bank and Trust Co., of Vicksburg, Vicksburg, Miss.

With reference to the question of whether or not we should have compulsory military training in peacetime in this country, I can not believe that it is either necessary or essential. It seems to me if the present war has taught us on lesson it is that we have a very fine system of developing officer material in this country, both in the Navy and the Army. From my viewpoint, the logical thing to do would be to enlarge our standing Army and also enlarge our schools for training officers so that we would have a much larger nucleus of trained forces. This would seem to me to be far more desirable than compulsory military training and I think we would get much more benefit from such a program.

CHARLES R. HOOK

President, the American Rolling Mill Company, Middletown, Ohio

Under date of Nov. 1, 1944, I gave you my views with respect to "Compulsory Military Training in Peacetime for America."

Since I wrote you in November I have had time to discuss the subject with others but more particularly with my son, 1st Lieut. George M. V. Hook, who is a Yale graduate and had three years of business experience before going into the Army in August, 1942.

Charles R. Hook

He went through basic training at Camp Wolters, Texas, then received his commission at Fort Knox, Kentucky. He has been a member of . . . . Armored Division, went through desert maneuvers in California during the spring and summer of 1943, then maneuvers at Fort Benning, Georgia, until he went overseas the latter part of May, 1944. During the desert maneuvers he was on the staff of General Murphy, but upon arriving at Fort Benning, he asked to be transferred to the line. After a short period of time his request was granted.

I visited him at Benning shortly after his return from California and he told me that his reason for asking for transfer from staff to the line was because he felt that the only way to learn how to handle a job was to have had experience in doing it yourself, and that if he was ever given command of a group of tanks, he wanted to be able to operate a tank as well as his driver.

He apparently made a good record in France up to the time that he was seriously wounded at Metz on the 7th of September. He is now a patient at Nichols Hospital in Louisville as a result of shrapnel wounds and a fracture of the first and second vertabrae.

I tell you this so that you will know I have accepted his viewpoint, not because he is my son, but because he has had real experience, is very serious minded, and I believe competent to express sound opinion.

In my letter of Nov. 14th I said: "I do not feel competent to express a final and definite opinion with respect to the number of months of such training."

I feel now and very definitely that I was in error in saying that a period of nine months training would be sufficient. I am convinced that a full year's training is necessary in the interest of national defense.

There were a number of things which I did not understand and which require a lot of time and limit the period during which the boys have an opportunity to secure the kind of training which would prepare them for combat.

During the week of Dec. 4th I had an opportunity to talk to several of my business friends who had just returned from the Western Front and had accompanied General Browning on a tour of the entire Western Front area. I secured an understanding of what would probably happen if we ever got involved in another war. The development of the robot bomb and jet and other jet-propelled equipment brings about a situation which never before faced this nation. Distance will mean nothing and oceans will be no barrier with respect to immediate attacks. We will have no time to prepare and we must be ready without notice to defend ourselves.

(Editor's Note: Mr. Hook's previous comments appeared in our issue of Dec. 7, 1944, on page 2509).

L. A. USINA

President, The Florida National Bank and Trust Co. at Miami

I would say that America should by all means have compulsory military training in peacetime. There is some risk to this, of course; but it seems to me that the risk can better be taken because if the matter is dishonestly handled it would merely mean America provoking wars. On the other hand, if we do not have compulsory military service we are then not prepared to immediately cope with the situation when some other nation decides it beneficial to commence a war.

In the recent campaign for the Presidency, much has been said about isolation and it seems to the writer that both presidential candidates have sidestepped the issue and that many Americans to be diplomatic have likewise seen fit not to view the situation realistically. Between isolationism and internationalism there is the American Way of past generations and that way leads to what some would call Imperialism, and that is exactly what I am suggesting.

If America is financially able and fair enough to feed and arm the world, then why can't America arm herself and be fair enough to take a greater hand (alone) in seeing that the world is run with justice to all. Frankly, I do not think that we need Britain, nor Russia, nor China to help us. If we are strong enough and if we are fair and just we

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*On active service in the armed forces.
†Elected January 3, 1945.

J. P. MORGAN & CO.
INCORPORATED
NEW YORK

Condensed Statement of Condition December 31, 1944

ASSETS

Cash on Hand and Due from Banks		$128,580,741.82
United States Government Securities, Direct and Fully Guaranteed		535,055,435.96
State and Municipal Bonds and Notes		10,766,289.01
Stock of the Federal Reserve Bank		1,200,000.00
Other Bonds and Securities (including Shares of Morgan Grenfell & Co. Limited)		15,697,733.80
Loans and Bills Purchased		116,959,509.44
Accrued Interest, Accounts Receivable, etc.		2,597,765.01
Banking House		3,000,000.00
Liability of Customers on Letters of Credit and Acceptances		2,739,134.35
		$816,596,609.39

LIABILITIES

Deposits	$748,229,822.87	
Official Checks Outstanding	8,319,953.98	$756,549,776.85
Accounts Payable and Miscellaneous Liabilities		3,957,354.23
Acceptances Outstanding and Letters of Credit Issued		2,739,134.35
Capital		20,000,000.00
Surplus		20,000,000.00
Undivided Profits		4,429,101.56
General Reserve		8,921,242.40
		$816,596,609.39

United States Government securities carried at $243,987,328.53 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

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CONDENSED STATEMENT OF CONDITION
At the close of business, December 31, 1944

ASSETS

Cash and Due from Banks		$252,018,057.00
U. S. Government Obligations, Direct and Fully Guaranteed		836,557,275.32
Bankers' Acceptances and Call Loans		77,035,291.14
State and Municipal Bonds		74,058,514.92
Other Bonds and Investments		53,888,496.74
Loans and Discounts		198,159,376.05
Banking Houses		359,793.50*
Other Real Estate		1,846,206.66*
Mortgages		351,835.54
Credits Granted on Acceptances		2,534,660.83
Accrued Interest and Accounts Receivable		3,772,993.97
Other Assets		254,253.67
		$1,500,836,755.34

LIABILITIES

Capital Stock	$20,000,000.00	
Surplus	60,000,000.00	
Undivided Profits	10,598,346.37	
Unallocated Reserves	4,159,560.38	$94,757,906.75
Reserves for Taxes, Expenses, etc.		2,599,805.25
Dividend Payable Jan. 2, 1945		900,000.00
Acceptances Outstanding	$3,883,351.56	
(Less own acceptances held in portfolio)	346,056.70	3,537,294.86
Other Liabilities		288,161.84
Deposits (including Official and Certified Checks Outstanding $24,977,449.53)		1,398,753,586.64
		$1,500,836,755.34

Securities carried at $354,478,328.60 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

*} Assessed Valuation $4,654,733.00

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can be a power in the world, a power for good, and as a starting point we should ask our General Staff to recommend what strategic bases there are throughout the world that we would require and such bases should immediately be taken over by us, whether they presumably fly the flag of Britain, France, Holland, Japan or Germany.

It is high time for America, with the sense of fairness that I think is inherent in us, to take over in a world-wide manner and thus stop these European wars which are started every twenty years or thereabouts. It should not be nearly so costly in American lives, nor in dolars, and certainly a sufficient military force and all that goes with it should materially help reduce unemployment in America.

I do not see much difference between being an isolationist with a desire to live ostrich-like in America, and lining up with Britain and Russia who are our friends today but who tomorrow, for commercial reasons, might very well find it desirable to look the other way if we needed their help.

As I see it, we cannot make all foreigners love us, but it is certainly within our power to make all of them respect us.

BRADFORD H. WALKER

President, The Life Insurance Co. of Virginia, Richmond, Va.

Personally I think military training does a boy a lot of good. The question how young and how long the time he would serve would have a good deal to do with it. I can readily understand that many families would feel, if carried too long, it would affect and interfere with a boy's college education.

The whole thing in a nutshell, however, is being forewarned, forearmed, and I might say foretrained. This is one of the greatest safeguards these United States can have.

Bradford H. Walker

It is a terrible thing to say, but I do not think there is any chance of our ever being able to prevent future wars. We may be able to do so for a period of time, and then the changing political aspects and the desire for power and expansion may lead some country to start another world war. We must realize this when the Germans already talk about their starting the third war, right in the face of their defeat in this one.

I think it must have been a shock to this country to see the tremendous number of young men rejected.

It would appear to me that the young men I have seen, many of whom I know personally, have been wonderfully improved by the military training. They have learned how to receive and give commands; they have confidence in themselves, which demands respect from those with whom they come in contact.

I have the greatest respect for the opinion of the Church, but I cannot believe that this military training given to our young men will turn us into a militaristic nation.

This Country did one of the most astounding jobs in getting itself ready after the attack on Pearl Harbor that has ever happened in history, and my guess is if and when we have another world war, if we are not thoroughly prepared long in advance, the enemy will see that this Country never gets a chance to get started as we have this time.

HOWARD L. BEVIS

President, The Ohio State University, Columbus, Ohio

There is considerable question whether we may not be premature at this time in attempting an answer to the basic question: should there be universal military training? There is grave possibility of a kind of peace which would, in my judgment, make such training imperative. I am not yet ready, however, to surrender the hope that a better kind of peace may be made which would render less necessary so decisive a break in American tradition.

Howard L. Bevis

The object of universal training would, undoubtedly, be to give the "basic" training and indoctrination deemed to be necessary to military life in any branch of the service. This "basic "training is now given in 13 weeks. It is not quite clear why an entire year should be required to accomplish the same result after the war is over.

Future warfare will undoubtedly follow more and more the pattern begun in this war—a pattern which draws heavily upon scientific, technical, industrial, and commercial skills as well as the strictly military skills. Universal training, if allowed to crystallize into a pattern dating from the Civil War or even World War II, might become a positive danger to future defense if it established a "set" of mind unreceptive to the advances of science and appliance which future war will undoubtedly require. This is not an argument against universal training. It is a powerful argument in favor of fluidity of thought and practice.

Mature Economy Manifestation?

We ought to be sure that the urge for universal training is not another manifestation of the philosophy of mature economy—not, that is to say, simply a means of keeping a certain number of millions of man-hours out of the labor market. The subtraction of this quantity of labor power from production, if necessary, should be regarded as a necessary evil and not as an economic goal.

CLARENCE A. PETERS

Director of Research, America's Town Meeting of the Air

As my experience and training has been in the field of education, whatever value my opinion would have on the subject matter of your symposium is primarily educational. I do have these general convictions:

1. There must be compulsory military training at the end of this war for American youth. I should think its extent should be governed by the size of the agreed-upon military forces which form an integral part of the United Nations.

2. Any military training program for American youth should be confined solely to military training, and should be supervised by military experts, preferably the more enlightened personnel of the Army and Navy. American youth deserve better than routine drill by disintegrating sergeants and professional lieutenants.

3. There should be no attempt to combine military training and education. I am convinced that any educational efforts for American youth should be directed by men who have improved and built our educational system. One of the great mistakes we have made in this war is to assume that there is a kind of G. I. education which transcends tried and tested educational methods.

4. The period of military service should be confined to not longer than six months, occurring at the optimum time in the boys' educational program, preferably at the end of the normal high school course.

L. W. WILLIS

Secretary and Treasurer, The United Trust Company, Abilene, Kan.

It appears to me that any action that might be taken on this issue by the Congress before the war is over is certainly very premature.

At the present time it is not necessary that we have such a bill passed by Congress as the matter is entirely covered by selective service.

At the present time we have no idea what the peace terms might be after the war in Europe and the Far East is drawn to a conclusion.

It is very possible that any bill that might be considered at the present time would be out of date after the peace is made.

It also seems to me that it would be very unfair to our men that are fighting overseas if something was done on this question that will materially affect their families, and they certainly should have the opportunity to present their views on this question.

At the present time I am very much opposed to any kind of compulsory training in peacetime for America. This opinion, of course, could be changed depending on the peace terms.

It appears to me that if the salaries paid to soldiers in a peacetime army were of a sufficient amount to attract young men into the army for a career that the matter of available manpower would automatically be taken care of.

The plans of operation and methods of warfare have changed rapidly in the last 10 years and probably will change just as rapidly in the next 10 years, therefore the year of compulsory training that a man might receive would probably be obsolete by the time his services are needed in the armed forces.

Again I wish to express myself as being very much opposed to any action by the Congress on this subject until after the world has been restored to peace.

C. F. CUNNINGHAM

President, National Bank and Trust Co., South Bend, Ind.

Compulsory Military Training would unquestionably be good for our youth but I wonder whether it would result in an effective reserve inasmuch as enough time would not be taken, if the period were only one year, to develop specialists. In any event I think we will have to maintain a sizable army and navy on a permanent basis.

MANUFACTURERS
TRUST COMPANY

Condensed Statement of Condition as at close of business December 31, 1944

RESOURCES

Cash and Due from Banks	$ 445,668,127.31
U. S. Government Securities	1,205,104,025.83
U. S. Government Insured F. H. A. Mortgages	5,142,007.22
State and Municipal Bonds	19,941,305.85
Stock of Federal Reserve Bank	2,220,300.00
Other Securities	21,606,252.39
Loans, Bills Purchased and Bankers' Acceptances	367,338,388.54
Mortgages	13,304,092.86
Banking Houses	11,771,030.67
Other Real Estate Equities	633,361.99
Customers' Liability for Acceptances	2,954,175.03
Accrued Interest and Other Resources	4,615,019.49
	$2,100,298,087.18

LIABILITIES

Preferred Stock	$ 8,009,920.00	
Common Stock	32,998,440.00	
Surplus	33,000,000.00	
Undivided Profits	19,604,009.64	93,612,369.64
Reserves for Contingencies, Taxes, Unearned Discount, etc.		10,598,757.96
Dividend on Common Stock (Payable Jan. 2, 1945)		824,959.50
Dividend on Preferred Stock (Payable Jan. 15, 1945)		200,248.00
Outstanding Acceptances		3,438,845.06
Liability as Endorser on Acceptances and Foreign Bills		240,764.82
Deposits		1,991,382,142.20
		$2,100,298,087.18

United States Government securities carried at $330,979,884.29 are pledged to secure U. S. Government War Loan Deposits of $300,866,523.95 and other public funds and trust deposits, and for other purposes as required or permitted by law.

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Mutual Funds

A Good Job

At the year-end, **Lord, Abbett** sent a special communication to dealers giving the final details on the special offering of **American Business Shares.** As reported previously in this column, the merger of **Quarterly Income Shares** and **Maryland Fund** into **American Business Shares** has now been effected.

Until Jan. 31, 1945, sales of **American Business Shares** will be made only against tender of the negotiable warrants which have been sent to the more than 40,000 shareholders in the combined fund. The warrants authorize purchase of up to 38% of the number of shares now owned at a discount of 1.6% from the regularly established offering price. After Jan. 31 the shares of American Business Shares will be available to the public through dealers in the ordinary way.

Low Priced Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED
63 WALL ST. • NEW YORK 5, N. Y.

Accompanying the new prospectus and the announcement data is a new brochure entitled, "You Can Share in the Success of American Business with American Business Shares." A tabular record of performance covering three periods—from Sept. 1, 1939 (start of war), Dec. 7, 1941 (Pearl Harbor) and April 28, 1942 (market low)—compares the performance of American Business Shares with that of the Dow-Jones Industrial Average. In each of these three periods **ABS** outperformed the average.

General Investors Trust

An important announcement of policy with respect to future sales of **General Investors Trust** has been issued by John H. Sherburne, Chairman of the Board of Trustees. The Trust now having "reached a size where the costs of management in proportion to income is reasonable," the Trustees have decided to reduce the selling commission from a maximum of 7% to a flat 1% effective as of Dec. 30, 1944.

The announcement further states: "The Trustees themselves are directly, or indirectly through their clients, friends and members of their families, substantial holders of the Trust shares. They expect to acquire for themselves and for accounts they represent substantial additional amounts of the Trust shares. The Trustees believe that many present shareholders would like to increase their holdings, without paying a large premium or selling commission, and to participate further in the benefits of income and stability of asset value which **General Investors Trust** has afforded and which your Trustees are determined to maintain."

A Subscriber's Application Blank for additional shares of the Fund has been mailed to all present shareholders and **A. W. Smith & Co.,** general distributors, in its letter to shareholders states that: "If any of your customers send subscriptions directly to us, it is our desire to pay you ¾% commission on any such sales."

The **A. W. Smith & Co.** letter continues as follows:

"We call your particular attention to the action of the Trustees reducing the selling load to a flat 1% on all sales, effective Dec. 30, 1944. The dealer discount will be ¾%. With the selling load reduced to 1%, a new and profitable field of prospects and customers is open to you, for example:

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Business Man's Investment Program

Keystone Corp., in the current issue of **Keynotes,** sets up a $10,000 investment program for a business man. The division is as follows:

Medium-grade bonds	$1,000
Low-priced bonds	2,000
High return bonds	2,000
Income preferred stocks	1,000
Income common stocks	2,000
Speculative common stocks	2,000

In setting up this program, **Keystone Corp.** assumes "that this investor is primarily interested in creating an estate; that he has years of earning power ahead of him and that he has already accumulated a backlog of War Savings Bonds or other reserve funds for emergency purposes.

"In moving toward his long-range objective—he is, therefore, seeking the type of investments which will provide liberal return and opportunities for capital growth."

When $100 Is Worth $125

Hugh W. Long & Co. has published an interesting leaflet on **Diversified Speculative Shares,** one of the new series of **New York Stocks, Inc.,** recently made available for public distribution. The major objective of Diversified Speculative Shares is to achieve capital gains and the leaflet points out that, as a result of present tax laws, capital gains are worth more to the average investor than ordinary income.

For an investor in the $7,000 tax bracket, $100 of additional capital gains is worth as much as $125 of additional ordinary income.

"Tough Competition" is the unusual title of a new leaflet on Diversified Investment Fund. The folder contains a short discussion of how the competition of billions of dollars now seeking investment makes generous investment return difficult but still possible to obtain. Copies may be obtained from **Hugh W. Long and Company.**

Billion-Dollar Peacetime Industry

National Securities & Research Corp., in Letter No. 13 on **Industrial Stocks Series,** refers to electronics as a billion-dollar peacetime industry. New uses for electronics are listed and it is pointed out that a participation in this growing industry is available through Industrial Stocks Series.

* * *

Mutual Fund Literature

Distributors Group—Current issues of **Steel News** and **Railroad Equipment News.** . . . **Selected Investments Co.**—Current issue of "These Things Seemed Important." . . . **Calvin Bullock**—Current issue of the **Bulletin.** . . . **Hare's Ltd.**—Current copy of the memorandum "Current Considerations." . . . **Lord, Abbett**—New prospectus on **American Business Shares** dated Dec. 22, 1944. . . . **General Investors Trust**—Revised prospectus dated Dec. 30, 1944.

MANHATTAN BOND FUND, Inc.

The Board of Directors of Manhattan Bond Fund, Inc. has declared Ordinary Distribution No. 26 of 10 cents per share and Extraordinary Distribution of 5 cents per share payable January 15, 1945 to holders of record as of the close of business January 5, 1945.

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48 Wall Street, New York 5, N. Y.

Dividends

Keystone Custodian Funds—Series **B-3,** a dividend of 63¢ a share and **S-4,** a dividend of 10¢ a share payable Jan. 15, 1945, to holders of record Dec. 30. **Institutional Securities, Ltd.**—A dividend of 37½¢ per share payable on **Stock and Bond Group Shares** to holders of record Jan. 31.

The Nature of the Distribution Cost Problem

(Continued from first page)

ends of production are finally attained by finding satisfactory markets. It is somewhat unfortunate that the word "distribution" has acquired such wide acceptance as a term to describe the economic processes that occur between production and consumption. Such usage tends to focus popular attention upon the ultimate distributor and to obscure the importance of prior costs of a like economic character. Undoubtedly, "marketing" is a better term than "distribution." The connotation is broader; and it stresses the functional character of these business operations.

The Scope of the Problem

Distribution, or marketing costs, are those costs that are incurred directly and indirectly in performing marketing functions. In the dull language of economics they embrace the wide variety of costs that arise in the creation of time and place utilities. They begin when raw materials are stored prior to movement, and they end when the final product is ultimately sold, delivered and perhaps serviced. They occur all through the economic system wherever goods of any kind are sold. They are costs of producers, wholesalers, retailers, and all others who may market goods. These costs are assessed and collected as constituent parts of the prices of commercial goods and to some extent as specific charges. This is the simple, *what, when, where, who, how* and *why* of marketing costs. The reduction of these costs is the broad question before this group.

The Need for Better Costing

Distribution cost accounting has been defined to include the costs of "sales promotion (including advertising), direct selling, storage, handling and delivery of the products being distributed, credit and collection activities, and all other office supervising and administrative activities necessary to a proper functioning of the distribution process." [1]

Progress in the reduction of these costs depends in no small measure upon the development and use of better costing techniques. We know a good deal about the natural divisions of marketing expense, but we know too little about functional costs, and we have made only scant beginnings in the determination of unit marketing costs. We have barely started to tackle these costs with the skill and ingenuity so widely in evidence in dealing with factory costs. As recently as 1941 the Federal Trade Commission commented:[2]

> "Distribution cost accounting is still in the experimental stage. Until very recently there was little urge to ascertain, analyze, and control costs of distribution. Even today relatively few business concerns, either large or small, find by routine procedure such costs by customer groups, or commodities, or other like cost classifications, where costs are incurred jointly in respect to such classifications; and not many ascertain such costs, even on periodic occasions after making special studies. The Commission's field survey . . . showed that out of 137 concerns of many types and sizes, selected because of a probability that they had developed a procedure of distribution cost accounting, only 34 had made any start in this direction and a much smaller number had made any substantial progress. A considerable number of these companies which have done little in this direction are large and nationally important firms."

Much credit is due the United States Department of Commerce for its pioneering work in this branch of accounting, especially for wholesaling.[3] The Federal Trade Commission has also long been interested in the subject; and since the enactment of the Robinson-Patman amendment it has had special reasons for promoting improvement of marketing costing.[4] Among trade associations of manufacturers and wholesalers, a few have made notable strides. For the retail trades, several associations and educational institutions have made significant approaches to the problem. Outstanding examples are the Harvard Bureau of Business Research studies of department and specialty stores expenses, sponsored by the National Retail Dry Goods Association. Perhaps specific mention should be made of the Harvard compendium of distribution costs in this country and abroad.[5] While there are several reasons for the tardy development of interest in this kind of costing, there can be no doubt about its growing importance.

Marketing costing presents many more practical difficulties than factory or production costing; but solutions must be found if we are to achieve intelligent cost reduction and to defend many of these costs. The text books and official studies stress the need for a variety of classifications and commonly mention classification by commodity, channel of distribution, territory, quantity, size of delivery or sale, method of sale and method of delivery. Naturally the fineness of the classification depends on the nature of the problem.

The most difficult task is sound allocation of joint costs. In manufacturing and wholesaling this involves apportionment to functions and often to commodities of such expenses as sales supervision, sales offices, compensation of salesmen, advertising, warehousing, transportation, delivery, credit service and collections and general and administrative expenses. The justification of the costing expense must, of course, be appraised in relation to potential savings. Since many arbitrary decisions must be made in deciding the proper bases for expense allocations, some allowance or judgment must always be made for probable error. Cost accounting, like other business devices, is a guide and not necessarily a substitute for business judgment.

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[1] Federal Trade Commission: "Case Studies in Distribution Cost accounting for Manufacturing and Wholesaling," 77th Cong., 1st Sess. H. Doc. No. 287 (1941), p. 1.

[2] *Ibid*, p. 21-22.

[3] U. S. Dept. of Commerce, Bureau of Foreign and Domestic Commerce: "Distribution Cost Accounting for Wholesaling," (1939). See bibliography, p. 80-83. Also, "Effective Grocery Wholesaling," Economic Series, No. 14 (1941).

[4] Federal Trade Commission, *op. cit.*, p. 14-15, 17-18.

[5] Malcolm P. McNair, *et al.*: "Distribution Costs, an International Digest," Graduate School of Business Administration, Harvard University (1941).

It may frequently happen that the cost analysis will indicate that an item is being sold, or a service performed, at a considerable loss, but the item or service may nevertheless be necessary for competitive or other reasons. However, even in such cases the analysis may be helpful in bringing these costs under better control. Similarly, the sale of items in small quantities to large numbers of small dealers may not always be justifiable on a cost basis, but there may be other sound reasons for continuing the practice.

The retail trades have made considerable progress in classifying operating expenses by natural divisions, due perhaps in part to the pressure of determining net income for tax purposes. Among the larger and better managed concerns, functional expense analysis has been well developed. But not very much has yet been done in commodity costing. A pioneer preliminary study was made several years ago by the Department of Commerce for retail grocery and drug trades.[6]

Commodity cost analysis in the retail trades is complicated by several factors. The wide variety and number of items, and the relatively small quantities of individual items sold, may make extensive item costing in many concerns financially impractical. Obviously, there is a large sector of the retail trades that will never be able to undertake such costing. Department stores have done much work in departmental costing; but allocation of indirect expense upon the basis of sales, space occupied and other factors often affords an inadequate measure of true costs. There is need for experimental study of commodity costing. If practical ways of determining true selling costs for individual items could be developed, there would be much opportunity for more efficient merchandising. Where retail prices are fixed under fair trade laws, there is no possibility of passing on to the consumer any economies that more scientific costing might permit. As in manufacturing and wholesaling, tradition and the necessity of meeting ignorant and blind competition will frequently prevent full use of the results of better costing.

These comments indicate some of the difficulties that must be faced in securing better accounting of marketing costs. Yet no other single effort offers greater promise for intelligent cost reduction. Under the pressure of State and Federal laws, manufacturers and wholesalers must give these costing problems closer attention. Perhaps it is not too much to expect that these pressures and the need for reducing marketing wastes may cause trade associations and progressive companies to furnish vigorous leadership in this important work.

Reduction of Time Wastes

A second broad field for the reduction of marketing costs will be found in improved procedures for the prevention of time wastes in performing marketing functions. These wastes occur in all movement costs, whether they are charges for assembling raw materials or for retail deliveries. In manufacturing, particularly, they are often buried in production costs and their significance is, therefore, lost. New methods and better uses of existing methods to quicken product flow into consumption lowers interest, warehousing and many other marketing costs. A few illustrations will clarify the point.

A few years ago it was said that automotive castings were laid down on the Cleveland docks for shipment to Detroit while they were still warm; and similar rapidity of flow was often mentioned for rolling mill products. In such cases time delays in marketing are at a minimum. More extreme examples are commonly found in highly styled consumer goods when shortened time spans cut obsolescence and other costs. Perishable food products represent still another example.

We have learned something about efficient movement of goods during this war; and if we fail to capitalize on this experience, we shall miss an opportunity for important cost reductions. After this war our railroads will rehabilitate their ways and structures, and secure new high-speed motive power and other improved equipment. If they properly merchandise low cost, rapid freight movement, the marketing of goods will be accomplished at lower costs. The familiar cross haul question will doubtless engage again serious attetntion of many marketing students. Nor can we overlook the contribution of air transportation in particular cases. While it is difficult to differentiate properly between time and place utilities in marketing, this emphasis of the need for increased tempo in marketing is not intended to obscure the place savings[7] that improved transportation will also make possible.

Closely related to better transportation is the possibility of improved stock turnover for merchants now located some distance from their sources of supply. The false economies of extreme turnover need not concern us here; but there is much in the principle of sound turnover policies that can be adapted with profit in prior stages of the marketing processes.

Another time-saving in marketing is reduction of the costs of high seasonality of production and marketing. Some of these costs cannot be appreciably lowered, but no one can study these wide seasonal variations and still be satisfied that there are no practical remedies for some of the excessive business and social burdens they create. There is need for more complementary product selling and greater use of off-season price concessions.[8] These and other methods of effecting economies in marketing seasonal products may be explored with profit.

Additional time-savings will be realized by better adjustment of sales promotion expenditures to general business conditions; but, in a sense, this statement begs the question because business must create demand. Still, within short periods, there are right and wrong times to incur extra selling expense. Perhaps we can do more to avoid or at least minimize the costs of these timing errors.

Such are some of the approaches to a reduction of the time wastes in marketing.

Reduction of Wastes at Point of Origin

A third method of dealing with this marketing cost problem is to stop wastes at the point of origin. They often begin with top management in manufacturing. It is not enough to know what men and machines can produce, because that knowledge does not acquire high commercial value until it is known what can be sold profitably. It is a fair criticism that production-minded managements tend to neglect marketing costs. The easy part of the market is often saturated before the necessity of better selling methods to increase sales and maintain production costs is fully appreciated. Then, selling plans and costs get close executive scrutiny; and frequently the delay is extremely costly.

Many high marketing costs originate on the drafting table. The mechanical design may be so poor that the product has little chance of real commercial success. Designers often lack practical knowledge of the conditions under which products will be used. Frequently the users of important products draw their own designs to hasten the adoption of changes that should have been in the original plans. It took a long time for manufacturers of vacuum cleaners to be fully conscious of the urgent need of finding ways to reduce the weight of their products. Too often products are not designed to permit easy and inexpensive maintenance and service. Lack of standardization of parts is often a sales barrier that is later corrected at considerable expense. Poor styling, like poor design, may result in inadequate sales and high selling costs.

It is not unusual for an avalanche of customer adjustments to be precipitated simply by failure to furnish proper instructions for the care and use of the product. This is a perennial source of additional operating costs for retail mechants, especially in the case of textile products sold without washing and ironing instructions. It may be added that some textiles are often too poorly finished for ordinary consumer use.

In retail marketing, particularly, a number of expensive customer services add materially to operating costs. These services include free or ultra-liberal delivery service, the return goods privilege, open credit service and various other services for which no specific customer charge is made. Much has been written about these service costs and the need for some rational plan that will not require the cash and carry customer to pay for services he may not need and does not want. Chain grocery stores and some other types of retail outlets have met this problem by selling on a cash and carry basis at lower prices than full service stores. But as long as free competition prevails and consumers demand and get these services without specific charges for their performance, it remains difficult or practically impossible to make more than limited progress toward differentiated pricing plans[9] to recoup these service costs.

Responsibility for Cost Reductions

Perhaps a fourth method of

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[6] U. S. Dept. of Commerce, Bureau of Foreign and Domestic Commerce: "Louisville Grocery Survey" (1930). Also "Costs, Sales, and Profits in the Retail Drug Store" (1934).

[7] *Cf.* Kuznets, Simon: "Commodity Flow and Capital Formation," National Bureau of Economic Research, Inc. (New York, 1938). Vol. I, p. 228-230 for interesting table of freight rates in percentage of value at the point of production.

[8] *Cf.* Kuznets, Simon: "Seasonal Variations in Industry and Trade," National Bureau of Economic Research, Inc. (New York, 1933), p. 13-30.

[9] Stewart, Paul W., and Dewhurst, J. Frederic: "Does Distribution Cost Too Much?" Twentieth Century Fund, Inc. (New York), 1939), p. 351-352.

(Continued on page 86)

CANADIAN STOCKS

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Canadian Securities

By **BRUCE WILLIAMS**

In spite of the fact that Canada is still in a youthful stage of development, the Dominion finished the year as the second largest exporter in the world with industrial production and cash income at unprecedentedly high levels. Furthermore, owing to the excellent control of prices and wages and the fact that more than 50% of the enormous war costs are being covered by taxation, the purchasing power of the Canadian dollar has been maintained to a degree unsurpassed by any other belligerent.

It is opportune, therefore, at this stage when Canada has clearly consolidated her position externally as an adult power, that certain constitutional defects which impair internal cohesion, be urgently re-examined.

The clarification of the relationship between the Dominion and the Provinces, the uncertainty of which has been a bar to complete national unity and has led to economic disequilibrium in the Western Provinces, should not be further delayed. This question should be considered outside the range of party or provincial politics and should be raised to the plane of a national issue of paramount importance.

Much of the political unrest in the West is a direct result of the inability of the Dominion to act in times of crisis such as the depression and drought period of the early Thirties, the economic consequences of which were borne by the Prairie Provinces. The Alberta default and the willingness of the electorate in Saskatchewan and elsewhere in the West to listen to socialistic doctrines can be directly attributed to the same cause.

Therefore, it cannot be sufficiently emphasized that steps should be taken at the earliest possible date to implement the recommendations of the Sirois Royal Commission and thus remove a formidable obstacle in the path of the proper development of Western Canada, the materialization of which would be beneficially felt throughout the Dominion.

Turning to recent events, it is gratifying to note that the ratification of the new U. S.-Canadian tax convention for the elimination of double succession duties has been followed by an agreement between the Provinces of Ontario and Quebec for the same purpose. This should prepare the way for similar agreements between those Canadian Provinces and States in this country where the impact of the inequity of double taxation has been most acute.

With regard to the market for the past week, the long period of quietness with a strong undertone was continued up to the year-end. High-grades were scarce and there was a disposition to switch from direct Dominions to Nationals of comparable maturities.

In this connection, there still appears to be scope for profit in exchanging Dominion 4s of 1960/50 for National 5s of 1970/50 or 4½s of 1951.

There was a slight reaction in Albertas, but the recent buying interest in Montreals and Abitibis was still in evidence. Internal bonds were inactive but trading continued brisk in gold shares and the Canadian dollar in the "free" market finished firm at 10⅛% discount. The stability throughout the year of free funds has been remarkable, especially in view of the marked increase in the volume of transactions, and the Canadian dollar now provides the only important trading medium on the free exchange market.

(Continued on page 87)

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L. B. WIEGERS, *Treasurer.*

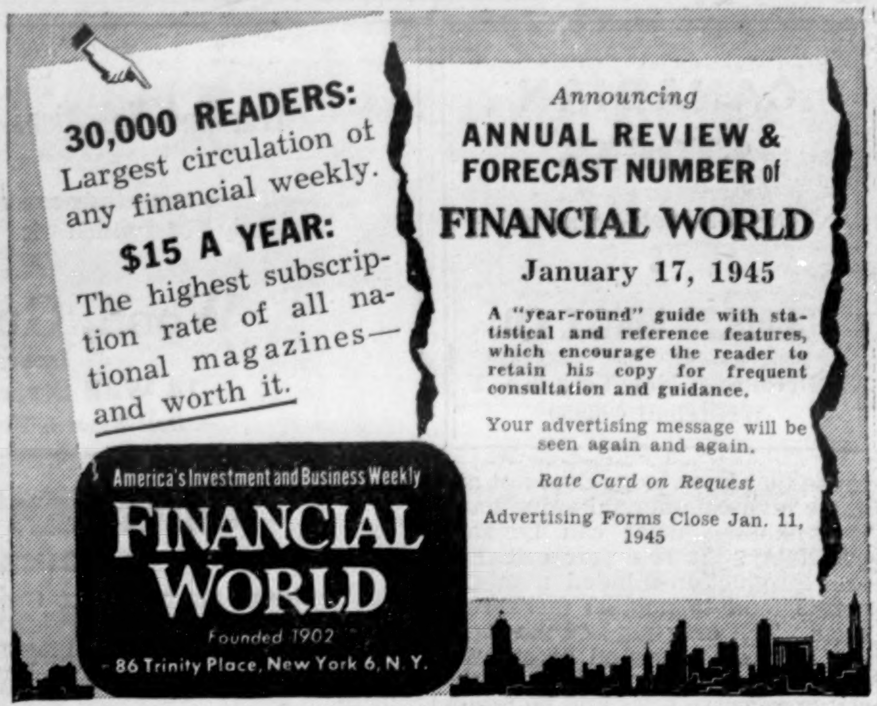
NATIONAL DISTILLERS
PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on February 1, 1945, to stockholders of record on January 15, 1945. The transfer books will not close.

THOS. A. CLARK
December 28, 1944 TREASURER

A dividend of 35 cents a share on the Capital Stock, par value $13.50 per share, has been declared, payable Feb. 28, 1945, to stockholders of record Jan. 31, 1945.

THE UNITED GAS IMPROVEMENT CO.
JOHNS HOPKINS, Treasurer
December 26, 1944 Philadelphia, Pa.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The Nature of the Distribution Cost Problem: Walker

(Continued from page 85)

making some progress toward lower marketing costs lies in a better public understanding of the nature of these costs. Too often it is blithely assumed that the responsibility for high costs rests principally upon the national advertiser and the retail and intermediate distributor. The service that the public demands, the necessary complexity of our economic processes and the costs of economic freedom are seldom properly appraised. Marketing is an intricate process with cost responsibilities that extend way back to the primary stages of production.

The relative distribution of these costs is not well understood. Primary, intermediate and final costs of marketing are not always separately distinguished in public discussions. In a notable study of marketing costs in 1929 it was stated:[10]

> "Although retailing is the most costly single phase of distribution, the total of costs incurred prior to this final stage is about twice as large as retailers' expenses in selling finished goods to the consumer. . . . Manufacturers' distribution costs are estimated at about $9,000,000,000; transportation charges, most of which occur before the retail stage, account for $8,800,000,000, and intermediate or wholesale distribution costs amount to about $7,000,000,000. All these costs, together with national advertising and certain minor items, equal $26,000,000,000, as compared with less than $13,000,000,000 for retail trade."

While there are significant studies of the marketing costs of manufacturers, wholesalers and retailers, small progress has been made in determining total marketing costs for individual commodities. Where studies[11] have been made for individual products like automobiles, agricultural machinery, flour, bread, cereals and paint, the costing begins at the finished manufactured stage. It has generally been impossible to determine marketing costs through the prior stages; but all production costs contain some marketing costs of previous producers.

Critics are not always careful to judge marketing costs in relation to the specific functions performed. The high differentials in selling at wholesale and retail are frequently ignored, yet costs are functions of the quantities sold in the individual sale. Occasionally official studies[12] calmly prescribe elimination of intermediate marketing functions as remedies, with scant consideration to resultant transfers of costs or the social damage they may create.

The use of averages expressed as percentages of sales dollars serves business purposes when properly interpreted; but, in the hands of the unskilled, their reckless and unwise use perpetuates misinterpretations of marketing costs and promotes much naive and unjust criticism of marketing costs. In many cases indiscriminate use of averages constitutes a major statistical crime. National advertising[13] is the perennial target for criticism on the basis of the size of percentage expenses to total net sales; and retailing runs a close second. In the former case the percentage expense may appear high in relation to sales; but the absolute cost per unit of performing the marketing function may be trivial. In the latter case, the percentage cost of selling a particular item may remain constant or even increase; but if the retail price has gone down sharply, the absolute cost of performing the function may show astonishing decreases. In analyzing marketing costs, there is need for wider use of absolute costs and much more cautious use of percentages.

In short, if we are to make progress in reducing marketing costs, there must be broader understanding of the highly complex nature of the problem and relative responsibility of producers, distributors and consumers for these costs. There is need for more light on the economic character and significance of marketing, better studies of its costs and more intelligent cooperation of all factors in the marketing process.

Ideal Conditions for Economical Marketing Costs

Perhaps we can obtain a clearer idea of the methods for reducing marketing costs if we roughly sketch a series of conditions necessary for the ideal marketing of a product. We will begin with the earliest stages of its creation. The raw materials to be used in its manufacture are efficiently produced and marketed under stable price conditions. The manufacturing plant is scientifically located, permitting a proper balance between accessibility of raw materials and labor, and of markets for the finished product. The plant layout and machinery are the best that money and engineering skill can create. The labor force is well trained and available in adequate numbers; and labor relations assure efficient and uninterrupted production. The production organization is among the most competent in the field. The company is soundly financed; its accounting controls are highly developed and its costing systems represent the most improved techniques. It enjoys excellent trade and public relations. The management is able, alert and aggressive.

The product to be produced has been carefully selected. It will fill a customer need; and the potential demand is large. It represents the best in design, style and performance. It is pre-tested in the laboratory to determine maximum serviceability under rigorous conditions of consumer use. It is properly identified and tagged with appropriate instructions for care and use. All possible skill and ingenuity are used to make it an outstanding product. Moreover, it is soundly priced to afford assurance of maximum sales potentials under competitive market conditions.

The selling plans are carefully drawn with the best scientific aid that marketing research can give. Advertising promotion, dealer helps, and other sales aids are shrewdly devised by highly competent specialists. The plans provide for skilled selection of the best channels of distribution. Individual dealers are chosen for their outstanding competency in their respective markets. Their continued interest and loyalty are cultivated. The consumer markets are all pre-tested before final decisions. The discount and allowance system is soundly planned to promote orderly, effective distribution. The retailers of the product operate in areas where there is wide acceptance of differentiated pricing with specifc charges for expensive services. The selling staff is scientifically selected; salesmen are properly trained; and field work is planned to permit maximum concentration on intelligent selling. Expense control and marketing costing leave nothing to be desired. The sales quotas are realistic; and reasonably attainable despite seasonal and cyclical fluctuations in customer demand. The selling plan and quotas are so dependable that production can be planned for long periods; and the whole process of production

(Continued on page 87)

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[10] Stewart, Paul W., and Dewhurst, J. Frederic, *op. cit.*, p. 171.

[11] Report of the Federal Trade Commission on Distribution Methods and Costs: Part I, "Important Food Products," Part III, "Building Materials"; Part IV, "Petroleum Products, Automobiles, Rubber Tires and Tubes, Electrical Household Appliances, and Agricultural Implements"; Part V, "Advertising as a Factor in Distribution."

[12] *Ibid.* Pare I, p. 15-16.

[13] Borden, Neil H.: "The Economic Effects of Advertising," Richard D. Irwin, Inc. (Chicago, Ill., 1942), p. 452, 453-459. Also Federal Trade Commission, *op. cit.*, Part V.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 62)

nomic trends, social and political changes. I could do it easy. For in the last few days every prognosticator in the United States has sent me an invitation to subscribe, inclosing a lot of valuable material which I can pass on to you as my "original" work. No one would know the difference unless they read the other guy's stuff first. It isn't ethics that stops me. I don't understand the stuff well enough to pass it on. And who knows maybe some reader may ask me to explain and where would I be.

* * *

So this year, dear reader, you'll have to get along without an annual forecast from me. Which, I may add, is quite a relief. For I have all I can do to work a week ahead without going off half cocked for six months in advance, not even talking about a year in advance.

* * *

I might point out that I have no secrets in how I decide on the market. All I do is let the market decide for me. So I'm wrong sometimes. Who isn't? But in the final run I'm still ahead of the game. Of course if you want to argue about it I'll refer you to the fifty-two columns I wrote in 1944. If after you find that I'm right, that's only to be expected. If I'm wrong it's because you don't understand the fine points of the stock market. And anyway those columns don't count.

* * *

But seriously the market has shown at least one thing in the past few days which is slightly encouraging. In last week's column I pointed out that a reaction was in the wind. I qualified it, however, by saying that reaction potentialities would be reduced if a rally occured in the next few days. (If that isn't a lot of double talk, brother, then I never heard any.) If they don't go down they'll go up and if they go up. . . . Stuff doesn't make any sense. Or does it. Must be the influence of the loads of market letters I just finished.

* * *

Here I was trying to become serious and give you some real solid advice and where do I find myself? Okay, okay, don't tell me. Instead of double guessing the stock market I should have been attached to G-2 (that's Military Intelligence, as if you didn't know). Could be the influence of the Johnny Walker n' soda. Always knew that soda didn't agree with me.

* * *

Boy, there's a lot of white space yet left to fill and I still haven't told the kind of things about the market you're probably panting to hear. Hmmm, let me see. You're still holding American Smelters at 39½, stop 38. Stock is asleep at about 40 and is beginning to look like it wasn't sleeping. Maybe it's dying. Anyway, if it isn't across 42 by the time you read this, better get out. There's no percentage being stuck with a sleeper.

* * *

Another cookie you have on your hands (on my advice) is Climax Molybdenum. You got this one at 34½, stop 33. After a lot of hemming and hawing it's still at 34½. If it doesn't get across 36 by Thursday (that's when you'll read this valuable column) give it back. Let somebody else worry about it.

* * *

Glenn Martin is a little better. You got it at 21½, stop at 20. It's now about 24½ and has been up to 25¾. Raise the stop to 22 and let it ride.

* * *

The last one is Timken-Detroit Axle which you took at 33½ and is now about 37 and has been up to 38. Put your stop up to 35 and sit back.

* * *

So far as any new stocks are concerned I'm still under the influence of that soda in that mixed drink. Knew I shouldn't have done it. Anyway here's the end of the page and you'll have to be satisfied until next week. 'py New Year!

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

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The Nature of the Distribution Cost Problem: Walker

(Continued from page 86)

and sale flows smoothly with the minimum of time and other losses.

If such ideal conditions and many others that have escaped specific mention, are existent, then there is a high probability that the marketing costs will be at a minimum. But obviously all these ideal conditions do not prevail; and the degree in which they are present shows enormously large variation. Like other business costs, great differences in the nature of products, demand, markets, selling ability, managerial skill and other factors influence marketing costs. The ideal is perfection; but the actuality can only be slow improvement in the methods and mechanisms of marketing.

Marketing Costs and Total Costs

Perhaps one final comment will complete the background of this group discussion. The basic objective in a free economy is the maximum physical production consistent with the ultimate net profit necessary to maintain and stimulate the system. It has been well said that the final consumer price is all that counts, whether than objective is attained by high or low ratios of production and marketing costs.[14]

Low marketing cost is not always an end in itself, because the cheapest method of marketing an article will not necessarily produce maximum sales and profits. Like other costs, marketing costs are relative; and they must be judged on the basis of work done. At various levels of purchasing ability, there are differing ratios of costs: and they are incurred to meet the type of service customers demand and for which they are willing to pay.

Marketing costs are only about one-half of the whole cost problem; and the responsibility[15] for cost reductions is joint and several throughout the economic process. In a free economy where there is minute subdivision of labor and specialization, these costs are likely to absorb large and perhaps increasing parts of the consumer dollar.[16] We need not be too greatly disturbed if they are wisely incurred. After all, the costs of purely mechanical functions of production seldom afford a wholly sound basis for unremitting disparagement of the costs of the non-mechanical phases of the functions required to satisfy the needs, wants and whims of more than 138,000,000 individual customers. "Mass production requires mass distribution" is a pleasing euphonism; but actually the ultimate sale of a product is to an individual. We may not wisely confuse the enormous differences in the two processes.

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[14] Bower, Marvin: "Cutting Distribution Costs Through Integrated Cost Reduction." Proceedings of the Sixteenth Boston Conference on Distribution. (1944.) p. 27.

[15] Engle, Nathaniel H.: "Distribution Cost Analysis by Commodities." Proceedings of the BostonConference on Distribution. (1937.) p. 46.

[16] Clark and Clark: "Principles of Marketing." The Macmillan Co. (New York, 1942), p. 761.

Attractive Investment

The Public National Bank and Trust Company of New York offers an attractive investment, according to a memorandum which is being distributed by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Stevenson Admitted By Alfred L. Baker

CHICAGO, ILL. — Alfred L. Baker & Co., 111 South La Salle Street, members of the New York and Chicago Stock Exchanges, announce that John A. Stevenson, a former partner for many years, has been admitted to the firm.

C. J. Grate With G. D. B. Bonbright

ROCHESTER, N. Y.—Charles J. Grate, for fifteen years an officer and head of the investment department of the Union Trust Co., has become associated with the New York Stock Exchange firm of George D. B. Bonbright & Co., Powers Building. Mr. Grate will be connected with the bond department.

Marketwise Improvement in Nat'l Bank of Commerce in New Orleans, La.

Considerable improvement has resulted marketwise, it is reported, from the recent announcement of the directors of the National Bank of Commerce in New Orleans that the stockholders will have an opportunity to vote on an increase in the capitalization. Under the plan each holder of presently outstanding stock will be given rights to subscribe to two-thirds of one share at $27 per share for each share presently held. In addition, upon completion of this, a 20% stock dividend will be paid. Stockholders' meeting is scheduled for January to act upon this resolution. In the meantime the market has advanced from around 31 to 36.

New York Analysts to Hear

On Monday, Jan. 8th, the New York Society of Security Analysts will hear Leslie T. Founier, special assistant to the Securities and Exchange Commission, speak on "Economic Implications of the Enforcement of Section 11 of the Holding Company Act."

On Jan. 10th, Charles A. Higgins, President of Hercules Powder Co., will be speaker.

All meetings are held at 56 Broad Street, New York City, at 12:30 p.m.

Post-War Prospects Good

The Peck, Stow & Wilcox Company offers an attractive situation with interesting post-war prospects, according to a memorandum issued by Amott, Baker & Co., Inc., 150 Broadway, New York City. Copies of this memorandum may be had from Amott, Baker & Co. upon request.

Ward Installs Wire to Kneeland Co., Chicago

Ward & Co., 120 Broadway, New York City, announce that they have installed a direct private wire to Kneeland & Co., in Chicago, Ill.

Canadian Securities

(Continued from page 85)

Looking towards possible future developments, an announcement with regard to a new public Quebec issue to refund the $15 million 4½s of March 1950/45 is shortly expected. At the present moment discussion centers on a 2¼% bond due in five years. As far as the general market is concerned, Canadian high-grades, especially in the 5-10-year maturity range, still appear attractive for institutional investment when contrasted with comparable domestic issues, and this factor, together with a probable early replenishment of dealers' inventories, should lead to the maintenance of a steady to firmer market.

Calendar Of New Security Flotations

OFFERINGS

BUTLER BROTHERS has filed a registration statement for 100,000 shares of cumulative preferred stock, 4½% series, par $100. Of the proceeds $8,398,272 will be used to redeem in February, 1945, at $31 per share, all of the outstanding shares of convertible preferred stock of the company. Any remaining funds will be added to current working capital. Harriman Ripley & Co., Inc., heads the group of underwriters. Filed Dec. 13, 1944. Details in "Chronicle," Dec. 21, 1944.

Stocks offered Jan. 4 by Harriman Ripley & Co., Inc., and Associates at $103 per share.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SUNDAY, JAN 7

GENERAL AMERICAN INVESTORS CO., INC., has filed a registration statement for 120,000 shares of common stock (no par). The shares are issued and outstanding do not represent new financing by the company. Lehman Brothers and Lazard Freres & Co., principal underwriters. Others will be filed by amendment. Filed Dec. 19, 1944. Details in "Chronicle," Dec. 28, 1944.

NATIONAL PRESSURE COOKER CO. has filed a registration statement for 150,000 shares of common stock (par $2). The stock will be offered to common stockholders of record on Jan. 25, 1945, in the ratio of one and one-half shares for each share of stock held. The subscription rights expire Feb. 25. Proceeds will be added to working capital. Filed Dec. 19, 1944. Details in "Chronicle," Dec. 28, 1944.

TUESDAY, JAN. 9

SERVEL, INC. has filed a registration statement for 60,000 shares of $4.50 cumulative preferred stock (no par). Proceeds will be added to the general funds of the company. Part of the proceeds may be expended for plant expansion, reconversion and changes and for tools, machinery and equipment. Principal underwriters are Kuhn, Loeb & Co., Blyth & Co., Inc., Coggeshall & Hicks, First Boston Corp., Glore, Forgan & Co., Harriman Ripley & Co., Inc., Mellon Securities Corp., A. G. Becker & Co., Merrill Lynch, Pierce, Fenner & Beane, Union Securities Corp., A. C. Allyn & Co., Inc., E. H. Rollins & Sons, Inc., Slade & McLeish, Tucker, Anthony & Co., and G. H. Walker & Co. Filed Dec. 21, 1944. Details in "Chronicle," Dec. 28, 1944.

WEDNESDAY, JAN. 10

CANADA DRY GINGER ALE, INC., has filed a registration statement for 50,429 shares of cumulative preferred stock (no par). Dividend rate will be filed by amendment. The shares are being offered for subscription to the holders of common stock at the rate of one share of preferred for each 12 shares of common held. It is anticipated that in connection with the continuation of the expansion program commenced by the company in 1936 the net proceeds of the stock, together with other funds of the company, will be used for the establishment and acquisition of additional plant and warehouses, the purchase of new machinery and equipment for the proposed new plants, the purchase of additional delivery equipment, for the improvement and rehabilitation of existing plants, etc Union Securities Corp. and Hornblower & Weeks head the underwriting group.—Filed Dec. 22, 1944. Details in "Chronicle," Dec. 28, 1944.

WEDNESDAY, JAN. 10

SOUTH CAROLINA POWER CO. has filed a registration statement for $8,000,000 first and refunding mortgage bonds series due 1975. The interest rate will be filed by amendment.

Address—141 Meeting Street, Charleston, S. C.

Business—Public utility.

Underwriting—The bonds will be offered for sale under the Commission's competitive bidding rule and the interest rate will be named by the successful bidder.

Offering—The price to the public will be filed by amendment.

Proceeds—The net proceeds, together with the proceeds of bank loans aggregating $2,400,000 and $140,000 of funds on deposit with trustees will be used to reimburse the company for funds deposited for the redemption on Jan. 1, 1945, of $641,500 Georgia-Carolina Power Co. first mortgage 5% bonds, for the redemption on July 1, 1945, of $3,959,999 South Carolina Power Co. first lien and refunding mortgage gold bonds, for the acquisition from Commonwealth & Southern Corp. and retirement of $3,411,000 South Carolina first lien's 5s at Commonwealth's cost or $2,855,562, and for redemption of 23,023 shares of South Carolina $6 preferred stock outstanding in the hands of the public. Total amount required, including premiums on bonds and preferred stock in the hands of the public is $10,107,765.

Registration Statement No. 2-5551. Form S-1. (12-22-44.)

COLUMBIA PICTURES CORP. has filed a registration statement for 7,880 purchase warrants for common stock and 21,013 shares of common stock, without par value.

Addresss—729 Seventh Avenue, New York City.

Business—Production of motion pictures.

Underwriting—Samuel J. Briskin, Hollywood, Cal., and A. Schneider, New York, are named underwriters.

Offering—The price to public is estimated at $13.375 for the warrants and $21 for the stock. The shares of common stock covered by the prospectus are issuable upon the exercise of purchase warrants at any time prior to their expiration date.

Proceeds—The entire proceeds from sale of the warrants will be received by A. Schneider, the holder of the warrants. He is treasurer of the corporation and a director and vice-president.

Registration Statement No. 2-5552. Form A-2. (12-22-44.)

THURSDAY, JAN. 11.

WEATHERHEAD CO. has filed a registration statement with the Securities and Exchange Commission for 20,000 shares of cumulative preferred stock, without par value. The dividend rate will be filed by amendment.

Address—300 East 131st Street, Cleveland.

Business—Manufacture and sale of numerous products for use principally in the automotive and aviation industries, etc.

Underwriting—The underwriting group is headed by Merrill Lynch, Pierce, Fenner & Beane.

Offering—The offering price to the public will be filed by amendment.

Proceeds—The net proceeds will be applied to the corporation's outstanding promissory notes dated May 1, 1944, payable to banks in the aggregate amount of $1,600,000. The statement said this amount was borrowed to assist the corporation in financing war production and the termination thereof. The balance of the proceeds will be added to the corporation's general funds and may be used in connection with conversion from wartime to peacetime operations and the development of the company's peacetime business.

Registration Statement No. 2-5553. Form S-1. (12-23-44.)

DAYTON RUBBER MANUFACTURING CO. has filed a registration statement for 60,000 shares of common stock, par $1. Of the total, 50,000 shares are being sold by the company and 10,000 shares by two stockholders.

Address—2342 Riverview Avenue, Dayton, O.

Business—Manufacture and sale of mechanical rubber goods and of pneumatic tires and tubes for passenger automobiles and trucks.

Underwriting—Lehman Brothers.

Offering—Offering price to the public to be filed by amendment.

Proceeds—The company will use the proceeds from the sale of 50,000 shares for the expansion of its Dayton, O., plant and for the acquisition and installation of additional productive facilities at its Dayton, O., and Waynesville, N. C., plants.

Registration Statement No. 2-5554. Form S-1. (12-23-44.)

GENII CORP. has filed a registration statement for 1,868 shares of common stock.

Address—211 Canby Building, Dayton, O.

Business—Genii was incorporated in Ohio in May, 1944. It has acquired from Cashly A. Henry an exclusive license to manufacture, and to sub-license others to manufacture, plastic materials, plastic homes and units.

Underwriting—None named. Company plans to sell the securities registered direct to the public without the assistance of underwriters or dealers.

Offering—Offering price to the public is $100 per share.

Proceeds—Proceeds from sale of stock will be applied to building and improvements, machinery and equipment, etc. Balance will be used for working capital and reserve for contingencies.

Registration Statement No. 2-5555. Form S-2. (12-23-44.)

MONDAY, JAN. 15

DUREZ PLASTICS & CHEMICALS, INC., has filed a registration statement for 73,208 shares of common stock, par $5.

Address—Walck Road, North Tonawanda, New ork.

Business—Engaged in the manufacture and sale of phenolic plastics, certain related chemicals, and phenol.

Underwriting—None.

Offering—Company is granting to holders of its common stock of record at the close of business Dec. 27, 1944, rights to subscribe to 73,208 shares of common stock at $29 per share in the ratio of 100/583rds of a share for each share held of record. The company has entered into an agreement with the M. A. Hanna Co. of Cleveland, O., to purchase for its own account for investment purposes only all of the 73,208 shares, or such part thereof as shall not be purchased by stockholders, at the same price at which they are being offered to the stockholders.

Proceeds—The net proceeds will be used to provide additional funds to enable the company to participate in the developments which it is expected will take place in the plastics and chemical industries upon the return of peace.

Registration Statement No. 2-5556. Form A-2. (12-27-44.)

PHILIP MORRIS & CO., LTD., INC., has filed a registration statement for 199,847 shares of cumulative preferred stock, $100 par, and subscription rights for like amount. The dividend rate on the preferred stock will be filed by amendment.

Address—119 Fifth Avenue, New York City.

Business—Manufacturing and selling cigarettes and smoking tobaccos.

Underwriting—Lehman Brothers and Glore, Forgan & Co. head the underwriting group.

Offering—Company is offering to holders of its common stock rights to subscribe at a price to be filed by amendment for 199,847 shares of the preferred stock, at the rate of one share of cumulative preferred for each five shares of common stock held. The company also offers, subject to the subscription rights to the holders of common stock, to the holders of its outstanding 4¼% and 4½% preferred stock the right to exchange their shares of old preferred stock, share for share, for the new cumulative preferred stock, plus a cash adjustment. Such shares as are not issued under the subscription and exchange offers will be purchased by underwriters and offered to the public.

Proceeds—Net proceeds from the sale of shares not issued in exchange for old preferred stock will, to the extent necessary, be devoted to the redemption of the old preferred stock. The old preferred stock is to be redeemed in March, 1945, at $104 per share and accrued dividends for the 4¼% preferred and $107 and accrued dividends for the 4½% preferred. Any balance of proceeds will be added to the general funds of the company.

Registration Statement No. 2-5557. Form A-2. (12-27-44.)

TUESDAY, JAN. 16

THE NATIONAL COOPERATIVE FINANCE ASSOCIATION has filed a registration statement for $250,000 of preferred stock.

Address—343 South Dearborn Street, Chicago, Ill.

Business—Cooperative association.

Underwriting—None. The securities to be offered will be sold direct by the association to its stockholder-members for investment purposes.

Offering—Offering price to the public is $100 per share.

Proceeds—Total proceeds received by company in the sale of the securities will be used in making loans to members.

Registration Statement No. 2-5558. Form S-2. (12-28-44.)

(This list is incomplete this week)

Wm Gordon Partner In Coverdale & Colpitts

Coverdale & Colpitts, 120 Broadway, New York City, consulting engineers, announce that William A. Gordon has been admitted to membership in the firm. Mr. Gordon has been associated with the firm since 1930.

Year-End Valuations of Canadian Securities

Wood, Gundy & Co., Inc., 14 Wall Street, New York City, have issued a pamphlet containing year-end valuations of Canadian securities. Copies of this interesting material may be had upon request from Wood, Gundy & Co.

Now Bennett, Spanier Co.

CHICAGO, ILL. — Effective Jan. 1st the firm name of A. A. Bennett & Co., Inc., was changed to Bennett, Spanier & Co., Incorporated. There is no change in personnel of the firm, which maintains offices at 105 South La Salle Street.

Interstate Aircraft & Eng. Appears Attractive

Interstate Aircraft & Eng. Co. offers an interesting situation according to a circular being distributed by Hirsch & Co., 25 Broad Street, New York City, members of the New York Stock Exchange and other exchanges Copies of this circular may be had from the firm upon request.

Attractive Possibilities

Crompton & Knowles Loom Works common offers attractive possibilities, according to a memorandum issued by Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the New York Stock Exchange and other national exchanges. Copies of this memorandum may be had from Buckley Brothers on request.

Situations Of Interest

Preferred and common stock of U. S. Finishing and United Piece Dye offer interesting situations, according to circulars just issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of these circulars may be had from the firm upon request.

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N. Y. Security Dealers Name Unterberg Pres.

At the annual meeting of the New York Security Dealers Association, held at the office of the Association at 42 Broadway, New York City, on Tuesday, Jan. 2, 1945, the following officers were elected for the ensuing year:

C. E. Unterberg

H. R. Amott

Herbert Allen

Clarence E. Unterberg, C. E. Unterberg & Co., President;

Fred J. Rabe, F. J. Rabe & Co., Vice-President;

Herbert Allen, Allen & Co., Vice-President;

Harry R. Amott, Amott, Baker & Co., Inc., Secretary;

Theodore C. Corwin, T. C. Corwin & Co., Treasurer.

The personnel of the Board of Governors is: Herbert Allen; Harry R. Amott; Philip Carret, Carret, Gammons & Co.; T. C. Corwin; James Currie Jr., Troster, Currie & Summers; Frank Dunne, Dunne & Co.; John J. O'Kane Jr., John J. O'Kane Jr. & Co.; B. W. Pizzini, B. W. Pizzini & Co., Inc.; Fred J. Rabe; Otto H. Steindecker, New York Hanseatic Corp.; Percival J. Steindler, P. J. Steindler & Co., and Clarence E. Unterberg.

The new member added to the Board was Mr. Pizzini; Alfred E. Loyd continues as Executive Secretary.

Announcement is made that all necessary plans and arrangements are well under way for the nineteenth anniversary dinner of the Association, to be held in the Grand Ballroom of the Waldorf-Astoria Hotel on Thursday, Feb. 15, 1945. It is planned to have this annual dinner the biggest and best in the history of the Association, with larger and more elaborate entertainment than heretofore, and good speakers to be headed by an outstanding personality whose name will be announced later.

These annual dinners are generally conceded to be the outstanding social events of the "Street," and always have been attended by a large and ever-increasing number.

Phila. Nat'l Bank Profits Increase

The report of The Philadelphia National Bank for the year ended Dec. 30, 1944, made public today by Evan Randolph, President, shows an increase of $2,277,017 in undivided profits for the year, which compares with an increase of $1,812,018 reported a year ago.

Net earnings from current operations amounted to $5,920,247, against $5,870,116 in 1943. After adding profits on securities and other income and after deducting taxes, the amount applied to bond account, and miscellaneous charges, net income before dividends amounted to $5,777,017, compared with $5,312,018 a year earlier.

Capital, surplus and undivided profits amounted to $51,958,269, as against $49,681,252 at the end of 1943. During the year the bank increased its surplus account 33% from $21,000,000 to $28,000,000.

In his report, Mr. Randolph stated that the market value of investment securities shows a substantial excess over the figures at which they are carried on the books of the bank.

Bright Possibilities

The current situation in Central Iron and Steel also appears interesting, according to a bulletin just issued by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this may be had for the asking.

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To All Of Our Business Friends . . .

Thank you sincerely for your favors to date.

At the end of 1945, we hope our business relationship will be one of even closer cooperation and greater confidence, due to its having met the additional test of the vicissitudes of another year.

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Shields & Co. Will Admit Two Partners

Shields & Co., 44 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges, will admit Theodore L. Crockett and John Jerome Reilly to partnership on Jan. 11. Both have been with the firm for some time, Mr. Crockett as manager of the investment advisory department.

FIC Banks Place Debs.

A successful offering of an issue of debentures for the Federal Intermediate Credit Banks was concluded Dec. 21 by Charles R. Dunn, New York, fiscal agent for the banks. The financing consisted of $26,715,000 0.90% consolidated debentures dated Jan. 2, 1945, due Oct. 1, 1945. The issue was placed at par. The proceeds, together with $8,315,000 cash on hand, was used to retire $35,030,000 debentures due Jan. 2, 1945. As of Jan. 2, 1945, the total amount of debentures outstanding was $271,510,000.

Gillen & Co. To Admit

Gillen & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit James N. Slee to partnership on Jan. 11. Mr. Slee in the past was a partner in the firm.

O'Neil, Jasper V.-Ps. of Herrick, Waddell

Herrick, Waddell & Co., Inc., investment bankers, 55 Liberty Street, New York City, announce the election of John J. O'Neil and George M. Jasper as Vice-Presidents of the company. Mr. O'Neil is Sales Manager of the firm's New York office and Mr. Jasper is Manager of the office in Springfield, Mass., where he has been for the last three years.

J. P. Morgan Co. Reports Bank Condition

J. P. Morgan & Co. Incorporated, New York City, reported as of Dec. 31, 1944, total deposits of $756,549,777 and total assets of $816,596,609, compared, respectively, with $759,212,131 and $817,396,301 on Sept. 30, 1944. Cash on hand and due from banks is now $128,580,742, against $137,856,901; holdings of United States Government securities, $535,055,436 against $536,742,422, while loans and bills purchased are now shown as $116,959,509 against $100,798,734. Capital and surplus are unchanged at $20,000,000 each, and undivided profits on Dec. 31 are $4,429,102 against $4,095,419 on Sept. 30.

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The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 161 Number 4348 New York, N. Y., Thursday, January 4, 1945 Price 60 Cents a Copy

The Financial Situation

Perhaps nothing about this remarkable war is more remarkable in all the surrounding circumstances than the faithfulness of American business and the steadfastness of the American public. For the most part the President himself has rather consistently, if at times possibly a little begrudgingly, recognized and acknowledged the good behavior of both, but there have been many others in Washington who have not. This latter has been more particularly true of what is said of "the public" than of business. Production figures and other cold statistics have left little real opportunity for any one to make complaints about American industry that would "stick." It has been much simpler and much less subject to definite and conclusive refutation to speak of "complaisance," the lack of "realization that there is a war on," and the like.

Uncertainties

The fact is, however, as the President himself once remarked, that lack of realization of the situation in which we stand and have stood for long months past, and of understanding of the gravity of the problems by which the country is faced is found, if found at all, most conspicuously in Washington itself. Both business and what is vaguely called "the public" appear to have been far more aware of difficulties ahead, and far more ready to do whatever is necessary to overcome real difficulties than any reasonable man would have expected in view of the way in which they have been dealt with from the day war began—and long before for that matter. Uncertainty and inability to obtain dependable information as to the plans and intentions of the New Deal government in Washington had been the order of the day among business men for three-quarters of a decade before

(Continued on page 92)

From Washington Ahead of the News

By CARLISLE BARGERON

Inasmuch as we are fighting to preserve Democracy, but at the same time are committed to letting the peoples of Europe and Asia set up any kind of government they want, nevertheless hoping they will be so astute, without any pressure on our part, as to adopt our delightful set-up, we think that from time to time we should give examples of the workings of it. For instance, it is hard to recall when our democracy has been so perfectly at work as the report just issued by Director of War Mobilization and Reconversion James F. Byrnes. "Jimmy," we call him in our informal, democratic way, and for short, we in our quaint way, say "Assistant President," instead of all that folderol about director of, etc.

Carlisle Bargeron

Jimmy is making his report to Congress, in pursuance of that body's ordering him to do so periodically. It shows you how we keep a rein on our public servants, and therefore will never get under heel as do other and more backward peoples. The Congress set up Jimmy's job—the Congress being representative of the peopeople—several months ago and ordered him to report on the first days of January, April, July and October. In this way the American people always know what their public servants are doing.

Well, Jimmy's report covers some 100 pages of single-spaced mimeograph. It reflects the efficiency of the American people at war, though, in that it uses both sides of the paper. Although the office, and Jimmy in it, have only been in existence for a relatively short while, it is amazing what the American people have accomplished under their direction, or it may be that they have accomplished themselves.

It seems, from this report of an office only a few months in operation, that America was going along minding its own business as is its wont when it was brutally attacked by nations of evil design. A lot of readjustments had to be made in our economy. We had to go "all out" for war. Having to do that, we did it. Oh, there were troubles and hitches along the way, but we made it, and came to turning out more guns, tanks and planes than any nation at any time in the world. In the meantime it seems that millions of our boys took up battle stations in various parts of the world. Other millions of our citizens took their places in war plants. Well, sir, believe it or not, they came to

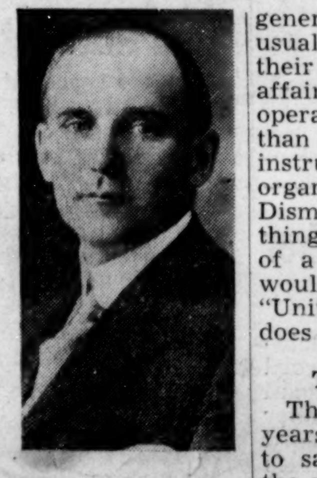
(Continued on page 102)

Why A World Peace Federation Will Not Succeed

By WILLIAM A. ROBERTSON*

Writer Presents a Brief Historical Record of the Great Powers' Past Unsuccessful Efforts to Act in Concert and Shows Why the United States Can Play a Lone Hand That Will Prove to Be a Greater Harmonizing Force in World Affairs Than Membership With Any Combination of World Powers in League of Nations Fashioned on Dumbarton Model.

Plans to keep the world at peace are of overshadowing importance. The thought of a World Federation has captivated thousands, who have no conception of the weaknesses that inhere in such a far-flung and artificial creation. Such a plan calls for a degree of international harmony and cooperation excessively difficult to secure. It involves the danger of a paralyzing deadlock among the members, and a clash between the two parts of the Federation, if it is composed of two houses.



Wm. A. Robertson

The Purpose of This Article

It is our purpose to show two things: (1) that an assembly of nations is a sorry mechanism for securing peace; (2) that the United States would be only a disturbing element as a member of a World Federation; and only on rare occasions would she be in position to exert a salutary influence outside of the Western World. The countries of the Old World have always encountered great difficulties when trying to agree, even on matters of supreme importance. Their best successes have been generally achieved through their usual diplomatic channels, i. e., their own departments of foreign affairs. The chance of their cooperating in this way is far greater than when attempted through the instrumentality of a permanent organization of the whole World. Dismiss the thought of such a thing, and think how the countries of a single group, like Europe, would act if they composed a "United States of Europe." What does past history show?

The "Concert of Europe"

This term was much used in years past. But truth compels us to say that only too often have the rulers of Europe been unable to see eye to eye, even when measures of overshadowing importance demanded action. Mr. Gladstone, writing in March, 1897, to the Duke of Westminster, said:

"The concert of Europe, then, comes to mean the concealment of dissents, the lapse into generalities, and the settling down upon negations at junctures when duty calls loudly for positive action."

A Review of the 19th Century

Here are a few of the interesting episodes: (1) It would seem as if, when they were in desperate conflict with a powerful enemy, the great powers ought to have been able to unite wholeheartedly. In the spring of 1814, when Napoleon had not recovered from the disaster of the Battle of Leipzig, there was a golden opportunity to crush him forever. But it was only with much difficulty that even the great diplomatic talents of Lord Castlereagh could induce the Allies to unite in the Treaty of Chaumont, and agree to continue hostilities. Austria was not in step with Russia and England, having plans of her own. Lord Castlereagh was barely able to avert dangerous disunion. (2) The Congress of Vienna was one of those very rare occasions when constructive and far-reaching results of a peaceful sort were arrived at by a large diplomatic assembly. The reason for its meeting was the necessity to restore the structure of the States of Europe after a devastating war of some 20 years. But so wide were the differences of opinion, and so deep-seated the jealousies, that eight months (from September, 1814 to June, 1815) were consumed before final decision. These jealousies came alarmingly near to causing a complete break-up of the Congress, and a fresh resort to arms. Only the news that Napoleon had left Elba and was back in France hastened final action. This news worked like a

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*Author of article "Should the United States Go Into Partnership With Foreign Nations?", published in the "Chronicle" of June 29, 1944.

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Business Brains

Roger W. Babson Discusses Our Public Schools

BABSON PARK, MASS.—Brains—not wealth or military power—are the basis of national progress, including physical and spiritual as well as mental.

Unemployment and Federal Debt

This country's post-war employment problem is really up to our educators. If there is much unemployment after the war, it will be because our nation's school committees have not properly backed their school superintendents and teachers. Whether or not $300 billions of Government bonds are to be paid, refunded or repudiated, will depend upon the attitude of the young people now in our public schools. Hence the future of our huge Federal debt depends upon our local school committees.

Roger W. Babson

It is true that these educators like to pass the buck to us parents. Without doubt the homes are not doing their part toward a better America. We parents, however, are not brain specialists and are no more responsible for the city's educational plant than for its water, light and sewage systems. The education of our children is the responsibility of our school committees.

Who Are Your School Committee?

The human brain is the most delicate, most complicated and most wonderful machine in existence. The future of every community depends fundamentally not upon its banks, buildings, streets, utilities, factories, or stores. These are but tools. The future depends upon the *brains* of its young people—little masses

(Continued on page 94)

"Morality" and Civilization

"The history of the world's religion, philosophy, literature and science records wisdom on the highest plane and of most convincing character. Yet that wisdom has failed to control the conduct of mankind.

"Fundamentally, the force that rules the world is conduct, whether it be moral or immoral. If it is moral, at least there may be hope for the world. If immoral, there is not only no hope, but no prospect of anything but destruction of all that has been accomplished during the last 5,000 years.

"The organization of nations and the orderly development of these nations have not been accepted as satisfactory, much less as final. Young people will be called upon in the immediate future to prove once and for always whether mankind is intelligent and moral enough to put an end to the murder, brute force and pillaging which are threatening to bring civilization itself to an end."
—Nicholas Murray Butler.

We should be much more moved by these generalizations of learned men were such patent contraditions and inconsistencies not repeated by cropping up.

Dr. Butler seems to say that what he calls "morality" has not governed the conduct of man, and to warn that unless something effective is not done about it "destruction of all that has been accomplished during the last 5,000 years" is in prospect.

But how was so much accomplished during the "last 5,000 years"? Dr. Butler would hardly suggest that mankind used to be but is no longer governed by "morality."

Little Change in Industrial Activity in November Reported by Federal Reserve Board

"Output at factories and mines showed little change from October to November and retail trade expanded further to new record levels," according to the summary of general business and financial conditions in the United States, based upon statistics for November and the first half of December, issued December 26, by the Board of Governors of the Federal Reserve System. The Board advices continued:

Industrial Production

"Industrial output in November and the early part of December was maintained at approixmately the same level that had prevailed during the previous four months. Production of durable goods declined slightly in November, while output of other manufactured goods, especially war supplies, increased somewhat further and mineral production was maintained in large volume. Output of critical war equipment was larger in November than in October, but was still behind schedule, according to the War Production Board.

"Activity in the durable goods industries, particularly machinery, transportation equipment, and lumber, continued to be limited in part by manpower shortages. Employment in the transportation equipment industries has declined by about one-fifth during the past twelve months, but total output of aircraft, ships, and combat and motor vehicles has declined by a much smaller amount owing to greater efficiency.

"In most nondurable goods industries, production was somewhat greater in November than in the previous month. Activity at explosive and small-arms ammunition plants increasedr reflecting enlarged war production schedules, and output in most other branches of the chemical industry also expanded, reaching levels above those of a year ago. Production in the petroleum refining and rubber industries, chiefly for war uses, increased somewhat in November.

"Output of manufactured foods showed less decline than is usual for this season and was as large as in November, 1943. In the textile industry, output at woolen and worsted mills continued to advance in October from the reduced level of operations prevailing during the summer. Cotton consumption in November was above October and rayon deliveries were at a new record level.

"Mineral production was maintained in November. Coal output was one-fifth larger than in November, 1943, when operations were sharply reduced by a work stoppage. In the early part of December, however, coal production was nearly 10% less than in the same period last year.

Distribution

"Value of department store sales in November was 14% above the exceptionally high level last year, about the same year-to-year increase which prevailed in the previous four months. In the first half of December, sales were about 20% larger than last year. All Federal Reserve districts have shown large increases over last year in pre-Christmas sales.

"Railroad freight carloadings, adjusted for seasonal changes, were maintained at a high level in November and the first two weeks of December. Shipments of most classes of freight, however, were not quite as great as the exceptionally large movement of freight during the same period last year.

Commodity Prices

"Changes in wholesale prices of agricultural and industrial products were mostly upward in November and the early part of December. Retail prices of foods and various other commodities were slightly higher in November than in October. During the past year there has been a slight upward tendency in prices of most commodities, both in wholesale and retail markets.

Bank Credit

"Banking developments during the four weeks ended December 13 were largely determined by the Sixth War Loan Drive. Government deposits at weekly reporting banks in 101 cities increased by approximately 8 billion dollars while adjusted demand deposits of individuals and business were drawn down about 2.6 billions in payment for securities purchased. The reporting banks added 3.7 billion dollars to their holdings of Government securities and increased their loans by 1.7 billion.

"As a result of the transfer of deposits of individuals and businesses to war loan accounts, reserves required by member banks declined about 700 million dollars from the beginning of the Drive through mid-December. In addition, reserve funds were supplied to the banking system through the purchase by the Federal Reserve Banks of 640 million dollars of Government securities. These additional reserves were used in part to reduce member bank borrowings at the Reserve Banks, which had risen to nearly 600 million dollars in the latter part of November, and to meet the demand for currency. This demand, though slackened somewhat by the War Loan Drive amounted to 450 million dollars for the four weeks ended December 13. Excess reserves increased by 300 million dollars, principally at country banks.

Apply Chile Funds to Bond Interest Payment

Advices received from the Autonomous Institute for the Amortization of the Public Debt of the Republic of Chile report that, in accordance with the provisions of Article 6 of the regulation of Law No. 5580 of Jan. 31, 1935, approved by Supreme Decree No. 3837 of Oct. 24, 1938, the total receipts of the Institute in 1943 available for debt service amount to $6,624,758. The advices in the matter state:

"Of this amount $1,729,015 represented the receipt from the Government's participation in the profits of Chilean Nitrate Iodine and Sales Corporation; $4,712,672 represented receipts of taxes on the profits of the copper enterprises; $60.289 the quota of duties on petroleum imported for the nitrate industry, and $122,781 the quota of duties on petroleum imported for the copper industry.

"Fifty per cent of the total receipts will be applied by the Institute under the terms of the Chilean Law to the payment of interest at the rate of $11.[illegible] per $1,000 bond, dollars 0.26461 per 100 Swiss franc bond, and £1-2-6, 24 per £100 sterling bond.

"The suspension of exchange transactions in most foreign markets as a result of the World War has not permitted Caja to carry out the necessary conversions in order to set aside the funds in Swiss francs to meet the servicing of loans issued in this currency, which has compelled Caja to fix in American dollars the dividend corresponding to holders of bonds of the above mentioned loans and to maintain in this same currency the funds to cover the payments.

"Against the remaining 50% of the income collected, there have been retired $5,702,500 face amount of dollar bonds and £1,400 of sterling bonds.

"The amounts of bonds outstanding after the 1944 retirements will be $157,034,000 dollar bonds, £27,741,071 sterling bonds, and francs 108,662,500 Swiss franc bonds.

"The interest disbursement declared is expected to be paid on or about Feb. 1, 1945 and will be applicable to the following bonds: All of the Republic of Chile External bonds; Water Company of Valparaiso bonds; all Mortgage Bank of Chile bonds; bonds of the Chilean Consolidated Municipal loan, and bonds of the two City of Santiago, Chile, loans."

The State of Trade

Barring unforeseen developments in the near future which may favorably alter the present course of the war in Europe, trade and industry in the year 1945 will for the most part be devoted to production for war with civilian goods taking a secondary place in the nation's economy.

The step-up in war output spurred by our reverses in Germany and Belgium has affected all industry in a great degree. Where a few short weeks or months ago sharp cutbacks and termination of contracts were the order, the picture is now entirely changed, and the tempo of business and industry is once again geared to all-out production for war.

In the steel industry the effects of the increased demands for war are already very noticeable, with the shell steel program taking precedence over all others in this field.

Discussing present trends, the National Association of Purchasing Agents observed that reconversion, cutbacks and terminations seem for the moment "to have disappeared as a factor," and with respect to commodity prices there is no general indication of lower commodity prices in any section.

A few buyers indicate higher prices, the Association notes, but generally prices remain about the same as a month ago. There are some, however, who find it necessary to pay higher prices when compelled to seek new vendors.

Increased labor shortages are working toward a tight supply situation in a greater number of items, with the possibility of a serious shortage of scrap steel developing during the winter months, due to low yard stocks and heavy snow in large producing areas, which tends to hamper collections and shipments.

The trend toward lower inventories in industry, according to the Association, is continuing, and where changes are reported the large majority of buyers report lower rather than higher inventories. Where the latter is true—these being very limited—they appear to be in establishments holding large war orders which require large-scale buying of special items to fill contracts.

With respect to employment figures, the Association states that they are about the same as in the previous months, but "with a few minor exceptions, manpower continues to be insufficient for full production.

"The manpower shortage is gaining ground and no relief is in sight. Layoffs, where occurring are quickly absorbed elsewhere The prospect is for further loss of help due to close scrutiny by draft boards of employees in the 26 to 37 age group. Manpower is a real bottleneck to production at present."

Despite the renewed emphasis on war, the Guaranty Trust Co., in its monthly survey, said the question of jobs remains "the most important post-war business problem," and outlined a program to help maintain employment. It stated that for private enterprise to provide jobs is substantially the program business men would like to see.

Citing the requisites necessary to maintain employment, it urged that war-time taxes and restrictions be abolished, double taxation of corporate dividends eliminated, surtaxes on individual incomes in the higher brackets drastically reduced and the capital gains tax repealed.

On the question of labor, the survey held that the National Labor Relations Act should be amended to prescribe equal treatment for management and labor. Revision should encompass public regulation of labor unions, and regulations in the field of wages and hours which tend to discourage individual initiative should be modified.

Taking up the matter of Government bureaus, it expressed the opinion that "all rulings of administrative boards should be made subject to court review. The practice of delegating legislative power to administrative agencies should be discontinued."

Competition between Government and business has become within the past 11 years a source of great concern, and upon this score the survey suggested that the granting of credit and other forms of Government competition with private business should be reduced to a minimum. Other features of the plan embraced the liberalization of regulation of new security issues, and finally, the prompt reestablishment of the gold standard, particularly for international transactions.

Steel Industry—As the year came to a close the steel industry, it appeared the past week, was headed for higher operations, much more extended deliveries, impacts of sudden and varied military demands, and certainly an intensification of war plans already made, "The Iron Age" disclosed in its issue of Dec. 28.

From the standpoint of the military situation it will only be a matter of weeks before the same hectic pressure period which existed many months ago will again make its appearance. Many observers are in accord that a secondary war production drive is already in the making, although some factors may have been overlooked, such as the advantage in time gained by Japan as a result of our reverses on the European front.

An apparent premature viewpoint in estimating the date of V-E Day by the armed forces themselves, the magazine pointed out, will probably make those in command of the supply situation more super-cautious than usual. The original estimate of 40% in cutbacks on the defeat of Germany made by WPB officials some time ago is undergoing constant revision. Guesses now are that cutback estimates on V-E Day have slipped to about 15% to 25%, and may be lower, depending on future battlefront events.

Steel-making operations in many districts a week ago were kept to as high a level as was possible, consistent with the normal holiday losses induced by absenteeism or custom. Raw steel output was maintained by many companies over Christmas, but finished steel operations were curtailed. Heavy bookings requiring the production of every ton of steel possible and the full utilization of labor was the main reason for many plants eliminating the holiday shutdown. This year's Christmas activity was in strong contrast to a year ago, when operations were marred by strikes and predictions were ripe of approaching cutbacks and idle capacity, "The Iron Age" noted.

New bookings for the year 1944 are expected to be about 10% larger than in 1943. A flash finish is indicated, with new business for December running to 15% or more ahead of November.

Some farm implement steel scheduled during the first two quarters has been pushed back a full quarter because labor shortages have placed manufacturers behind their timetable. Heavy pressure, however, is reported for delivery of farm implement springs and grain drill tools needed for spring implement sales in warm sections of the country.

Substantial orders for bullet

(Continued on page 95)

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President Roosevelt Regards Atlantic Charter as Valid Although Never Formally Signed

Churchill's Remarks on Poland and Charter

President Roosevelt asserted on Dec. 22 that he thought "the objectives of the Atlantic Charter are as valid as when they were announced in 1941." According to the Associated Press he permitted direct quotation on that point during a news conference discussion of the charter—which he said on Dec. 19 never existed as a formal document. The Associated Press, on Dec. 22, added:

A reporter had remarked that some people thought the Charter was losing its purposes or was slipping away and that he would "like to hear what the President thinks."

The President would have preferred to think it over for a while, Mr. Roosevelt replied, but he said that through the years certain documents had seemed to maintain a good deal of importance, some affecting public thinking on objectives of a better world.

The objectives of the Atlantic Charter still stand, he said, just as do objectives of documents which go back many centuries.

The objectives in some instances have never been attained, he continued, but they still are good. People don't live up to all the Ten Commandments and all the doctrines of Christianity, he went on, but they still are something pretty good to shoot it.

The President said he was not comparing the charter with the Ten Commandments or the Christian religion. But, he said, he thought the charter would take its place in history as a major step forward—just as Wilson's 14 points constituted something we all would like to see attained. They, too, he said, were a step toward a better life in the world.

Asked whether he was implying that "you are as far from attaining the ends of the charter as the world a thousand years ago . . .," the President interrupt to halt the question with a negative.

The world, he said, goes by peaks and valleys, although on the whole the curve is upward. Human life is on a better scale than it was a thousand years ago, he said, but we still have a long way to go and we still have to work for it.

Under date of Dec. 19 United Press accounts from Washington pointed out that to the complete surprise of a lot of people, President Roosevelt revealed that day that there is no such thing as a formal document called the Atlantic Charter. He added, however, that all of the United Nations agreed on it when its principles were embodied in the United Nations declaration on Jan. 1, 1942. The United Press went on to say:

"What he and Prime Minister Winston Churchill did at their historic Atlantic meeting in August, 1941, Mr. Roosevelt explained, was to scribble things on many pieces of paper. The result was an 8-point joint declaration of aims which was radioed to Washington and London as a press statement and which subsequently came to be known as the Atlantic Charter.

"Neither he nor Churchill—nobody—ever formally signed an Atlantic Charter, he said. And, in the sense of a formal document, such as the Declaration of Independence, there is no copy of the charter, so far as he knows.

"The nearest thing to an original to the charter, he said, are the scribbled notes which were given to the radio operators of the U. S. S. Augusta and HMS Prince of Wales for transmission to Washington and London as a press statement. The Prince of Wales was sunk by the Japanese shortly after Pearl Harbor.

"At a press conference a few hours after returning, tanned and rested, from a three-weeks' vacation at Warm Springs, Ga., Mr. Roosevelt also:

"1—Said no date has been set for another meeting with Churchill and Russian Premier Joseph Stalin and added in response to a reporter's question that he, too, would like to eliminate speculation about the prospects of an early meeting.

"2—In effect denied a British cabinet member's assertion that he—Mr. Roosevelt—had initialed at the last Quebec conference a British plan for the 'stabilization' of Greece, saying there was nothing in that.

"3—Side-stepped major foreign policy questions inspired by political developments in Europe during his absence from Washington.

"4—Said in response to questions about Senate demands that the time has come for him to restate American foreign policy that he didn't think so; that it's on the record.

"5—Said that, politically, he still is a little left of center. That question was answered 11½ years ago, he said, and it still goes.

"Much of the press conference was devoted to questions about the Atlantic Charter, which lately has come under more frequent discussion in Congress, particularly since Churchill backed Russia's territorial claims on Poland. Some members of Congress also have demanded to know where the Atlantic Charter is and have charged that its principles are being 'crucified' in the current Polish and Greek crises.

"Nobody ever signed an Atlantic Charter, he replied. He then went into detail about how he, Churchill, former Undersecretary of State Sumner Welles and Sir Alexander Cadogan, premanent British Undersecretary of state, had scribbled things on many pieces of paper at the 1941 Atlantic meeting, and said the contents were radioed to Washington and London as a joint statement for release to the press."

From one of the Associated Press accounts from London, Dec. 16, bearing on the reputed remarks of Prime Minister Churchill relative to the Polish question and the Atlantic Charter, as given in the Chicago "Daily Tribune" we take the following:

"While both sides of the Atlantic were considering the portent of Churchill's statement that an insertion had been made in the Atlantic Charter, and mutually agreed on by the three great allied powers, that territorial changes could be settled before the peace conferences, the secretary explained:

"'Mr. Churchill was speaking from memory and just made a slip. What he attributed to the Atlantic Charter was actually in the British government's statement of foreign policy laid down in 1940. Later during yesterday's debate, Mr. Eden [Foreign Secretary Eden] pointed out that Mr. Churchill had erred.'

"He added that the prime minister had no prepared text for yesterday's speech. 'He spoke from notes and memory and the prime minister made a slip.'

"Although Churchill's statement was explained as a 'lapse of memory,' a feeling grew in diplomatic quarters that perhaps some changes may have been made in the Atlantic Charter which have not yet been disclosed.

"It was recalled that the British press and certain members of parliament earlier this year suggested revision of the Charter in view of war developments.

"Last April, the then United States Secretary of State Hull and Undersecretary Stettinius made statements that there was a growing concern on both sides of the Atlantic for a new interpretation of the Charter.

"Churchill in his statement before Commons said:

"'Our British principle has been enunciated that, as I have said, all territorial changes must await conference at the peace table after victory has been won, but to that there is an exception in principle, and that exception is changes mutually agreed. It must not be forgotten that in the Atlantic Charter is inserted an exception that there should be no changes before the peace table except those mutually agreed.'

"Kenneth Pickthorn, a National Conservative member, challenged the point and asserted that the Atlantic Charter contained no such insertion, but that the allied nations desired to see no territorial changes which did not accord with the freely expressed wishes of the people concerned.

"Eden in the debate that followed said:

"'What Mr. Churchill intended to convey was that, in the view of his majesty's government, there was an exception to the general principle that there should be no territorial changes before the peace table.

"'Mr. Pickthorn was perfectly correct in pointing out that the exception is not in the Atlantic Charter.'

"'The exception was in cases where the changes were mutually agreed, but that is not part of the Atlantic Charter, but part of a statement of our own foreign policy which we made in September, 1940, when the prime minister said we had not at any time adopted since the war broke out the line that nothing could be changed in territorial structures of various countries'."

Signs Bill Extending Second War Power Act

It was made known on Dec. 21 that President Roosevelt had signed the legislation passed by Congress renewing the Administration's broad powers over rationing and the allocation of vital materials for another year. The bill extending the life of the Second War Powers Act through 1945 passed the House on Nov. 30 and the Senate on Dec. 8, as was indicated in our issue of Dec. 21, page 2739. In reporting the signing of the bill Associated Press advices from Washington, Dec. 21, said:

The bill—a renewal of the Second War Powers Act which cradles the authority for industrial priorities, rationing, food control and other emergency war activities—was rushed through the closing days of the 78th Congress. Without its approval, the administration's authority for war regulations would have ended with the close of this year.

In its renewed form, the act carries one of the few strings attached to any war legislation. It provides for the first time a court review of rulings of the War Production Board.

The bill was among a host of measures approved by the President today.

He also signed a bill boosting the amount of money Congressmen can spend to staff their offices. The measure boosts from $6,500 to $9,500 the annual clerk hire amount for members of the House and authorizes the Senate to raise maximum salaries of committee experts from $4,500 to $5,040. In addition it adds $4,020 for the clerk hire allowance of Senators from States of 4,000,000 or less population and $5,040 for Senators from larger States.

The President approved a group of enabling acts setting the machinery for the back-porch inaugural ceremonies that will launch the fourth-term at the White House Jan. 20.

Regulations Governing Guaranty of Business Loans Under GI Bill

Regulations governing the guaranty of business loans under the G. I. Bill of Rights were issued by the Veterans Administration on Dec. 21, it was announced by Brig. Gen. Frank T. Hines, Administrator of Veterans' Affairs, at a press conference on that day. The loans will not be made by the government but must be individually negotiated with lenders. General Hines said that with the issuance of these regulations all provisions of the G. I. Bill of Rights have now been implemented and are available to eligible veterans. He added that "the educational and employment provisions became effective in June, while the readjustment allowance provisions of the bill have been operating since last September. The guaranty of home loans was announced in October and the farm loan guaranty provisions became available with their announcement at a press conference two weeks ago. The only part of the act not previously effective is the business loan guaranty provision, which is now set up."

"The regulations covering these loan guaranties," says Gen. Hines, "are basically very much the same as those for home and farm loans, and are circumscribed by the same limitations which provide that the maximum amount of guaranty for any one person is $2,000 and the interest charged on the loan may not exceed 4%. The announcement further says:

"The law further provides that:

"1) the proceeds of the loan will be used by the veteran to purchase real or personal property to be used by him in pursuit of a gainful occupation;

"2) such property will be useful in and reasonably necessary to such occupation;

"3) the ability and experience of the veteran and the conditions surrounding the project are such that there is a reasonable likelihood of success;

"4) the purchase price does not exceed a reasonable normal value as determined by proper appraisal.

"Business loans may be guaranteed not only for the purchase of buildings or real property but also to buy supplies, equipment, machinery and tools normally used in connection with such occupation as the veteran plans to enter. Loans for inventory, stock or working capital are not covered.

"In general, business loans must be secured by first liens unless a first lien is held by a Federal agency, in which case a second lien may be accepted so long as it amounts to not more than 20% of the purchase price, and if the amount of the loan is under $500 the guaranty may be issued on an unsecured loan.

"Any veteran who was in service after Sept. 16, 1940, and who was discharged under conditions other than dishonorable after 90 days of service, is eligible to apply for a guaranty of business loan.

"If two or more eligible veterans plan to enter business together they may apply for guaranty of the same loan. In such cases the obligation shall be treated as separate and not as joint responsibilities. But the guaranty under these conditions may not exceed the maximum of $2,000 for each borrower.

"Where a loan is made for the purchase of real property a standard real estate first mortgage will be taken as security. An appraisal by a qualified and designated appraiser will be required just as they are in connection with guaranty of loans for the purchase of homes and farms.

"Where equipment is to be purchased the loan will be secured either by a chattel mortgage or a conditional sales agreement. A loan to make the initial payment on equipment may not exceed $1,000 and must be repaid within one year if the amount is $500 or less. If it is over $500 the loan may run for 2 years. Such loans may be secured by a second mortgage.

"If the loan is for the purchase of supplies not over $1,000 it must be repaid in one year; the loan may be unsecured if security is not customary or practicable.

"All loans guaranteed by the Administrator must be paid off within 20 years, however, this maximum time usually applies only to real estate, as loans on equipment or machinery may not extend beyond the accepted useful life of the property.

"All expenses customarily borne by purchasers may be charged against a veteran borrowing under the provisions of this act, but no change may be made for the guaranty of loan or for any services connected with securing such a guaranty.

"If the wife of a borrower is also an eligible veteran she will not be required to sign an application made by her husband. If she also wants to exercise her right to a guaranty of loan she will be required to make a separate application. The signature of her husband will only be required if they live, or the loan is made, in a State where his signature is necessary to make the transaction legal. All forms are now in the hands of the printer. They will be available at Veterans Administration offices, and will be distributed to recognized lenders."

Reference to instructions to National bank examiners to facilitate participation by banks in loans under the G. I. Act, appeared in our issue of Dec. 28, page 2840.

Large Volume of Loans Made In Nov. By Chicago Home Loan Bk.

The largest volume of advances ever made in November and the third largest for any month so far in 1944 was the report of the Federal Home Loan Bank of Chicago on Dec. 11. A. R. Gardner, President of the regional bank which serves Illinois and Wisconsin, informed the Federal Home Loan Bank Administration at Washington that a total of $7,008,883.50 was loaned the past month to savings, building and loan associations in the district. The last previous November in which these community institutions had obtained as much as $1,000,000 from this reserve system was in 1941, just before Pearl Harbor, Mr. Gardner indicated. The advices added:

"Preparations for the making of the first G. I. home loans in the two States were partially responsible for the savings and loan institutions' increasing their available funds for loans, Mr. Gardner pointed out. The veterans' loan program is expected to reach sizable proportions on already existing properties by early in 1945, and the local institutions will have enough funds on hand to service all eligible applicants. It has been observed that veterans' home loans to date have been largely in the middle priced range of properties and thus in the early stages may involve larger disbursements of credit than was anticipated in first planning by the lenders. The $7,000,000 of advances in November was partly offset by $1,252,813.25 paid off on advances which were outstanding when the month began," Mr. Gardner pointed out.

The Financial Situation

(Continued from first page)

the war drew us into its maelstrom. The nature of the uncertainties have perhaps changed somewhat since we entered the conflict, but they certainly have not become less numerous or vexatious.

Patronizing the Public

Within the past year or two the general public has learned what it is like to have to deal daily with such an administration. We do not here refer to any of the inconveniences which war makes inevitable. We pass over even those inconveniences which under reasonably good management might not be necessary in the circumstances in which we are called upon to fight this war. What we have here in mind are the utter impossibility of learning which inconveniences (and at times real hardships) are really necessary and which are either the outgrowth of horribly faulty management or the whims of capricious and inept managers; the inability or the disinclination of the powers that be to let the public know what is expected of it, when and why; the want of dependable statements of fact, and what appears—with deep regret be it said—to be a want of intellectual integrity in Washington, and elsewhere in official quarters; and the general and often perfectly obvious tendency to deal with the American public as if it were composed of children in the kindergarten who must be told what they ought to believe—or perhaps what officialdom believes them capable of understanding—and nothing more.

Literally dozens of illustrations could be cited. One of the current situations considerably in the public eye has to do with cigarettes. Now, of course, the American people can do without cigarettes entirely or even without tobacco in any form. They would, if it were absolutely essential to the welfare of our fighting forces or for the early and full defeat of our enemies, quite gladly do so. But smoking is a widespread habit of long standing, and one which the rank and file will give up even temporarily or partially with grace only if they are convinced by plain facts plainly and frankly set forth that it is really necessary for them to forego in whole or in part this pleasure to which they are accustomed. Yet despite the fact that cigarettes have been scarce and getting scarcer for many months no satisfying explanation of the situation has been forthcoming from any quarter. If any one in authority—or elsewhere for that matter—understands what has actually happened in this connection he certainly has not taken the trouble to let his fellow country-men share his information.

Inconsistent Explanations

We are told in one and the same breath that production is at record breaking levels, and that the difficulty is that manufacturers can not obtain labor and machinery to produce. We have been repeatedly and smugly informed that we must do without in order that the men at the front may have cigarettes—and almost simultaneously comes the news that it is about as difficult to obtain cigarettes at the front or any where near it as it is here at home. We are told that hoarding is at the bottom of it all, but no one can be found who has any hidden supply or who knows anyone who has—and "black market" cigarettes appear to be about as scarce as any other kind. We have been told again and again and again that we are smoking many more cigarettes per capita than ever before, yet the ordinary man is unable to find even one soul who is smoking even as many as was his wont. Either the authorities do not themselves know what has happened or else they do not wish the public to know. Neither is good for morale.

Another Mystery

What has happened in the foods field is about as mysterious. We are outdoing ourselves in production—if we listen to government statisticians and propagandists. Yet again one of the "difficulties" according to these same sources of information is lack of manpower on the farms, and perhaps lack of equipment. Again we are told that we are consuming much more meat, for example, than ever before. But the ordinary man is likely to want to know who is consuming it in such quantities. He knows full well that he is not, and he knows of no one who is. The butter mystery is even more impenetrable. There are literally dozens of other "situations" of a similar sort.

Of course in any such state of affairs, the opinion is certain to arise that at least one of the real difficulties is faulty management, particularly in price fixing. It appears in some instances at least to be indisputable that price relationships virtually doom some sections to do without some commodities or articles of food. The suspicion is strong that they are likewise responsible in other instances for general lack of adequate supplies of other goods. It must be clear even to the wayfaring man that all this complicated price fixing and rationing machinery do not insure even an approximate "equality" among the people—but as a matter of fact may well in more than one instance contribute to existing inequalities. The fact that the public goes along with as little grumbling as it does and in fact patronizes black markets and law-breakers as little as it does is in light of all this quite remarkable. The fact that local "rebellions" arise here and there when the authorities undertake to enforce their unworkable regulations by invocation of heavy if not excessive penalties can easily be understood.

Even more remarkable, perhaps, is the record of American business. Nowhere in the world at any age in history have the achievements of American industry in the production of instruments of war during the past two or three years been equalled. "Shortages," as, for example, that of certain types of equipment and of ammunition in France (actual or not, heaven only knows), have been dramatically announced, and the implication that in some way or other American industry or the American public is at fault started on its rounds, but it is clear enough that if such shortages actually exist the fault is not with industry. Industry keeps right on producing, and the American people as a whole go right on acting like adults even if treated like children. It is a remarkable phenomenon.

Mass. Groups Act to Aid Small Business

Alan Forbes, President of the Boston Clearing House Association, on Dec. 18 announced plans to provide ample bank credit for small and medium-sized business of Massachusetts, in the reconversion and post-war periods.

"The banks of the association," said Mr. Forbes, "have created a loan committee which will make available the combined facilities of credit and counsel of the member banks which can be called upon for business needs."

The Boston "Herald" of Dec. 19, from which this is learned, also said in part:

"'The Boston Clearing House Association has designated a committee of five credit offices,' said Forbes, 'who will give the benefit of their experience in helping to solve unusual problems or in arranging for the extension of credit on terms not usually granted. The committee will review applications for credit which have been received from any bank in Massachusetts.'

"At the same time, Henry J. Nichols, President, Massachusetts Bankers Association, stated that similar plans have been adopted or are under consideration by the 13 Clearing House Associations of Massachusetts.

"These steps are in line with the program recently adopted by the Post War Small Business Credit Commission of the American Bankers Association and adds Boston and Massachusetts to the list of those major cities and States which are actively seeking to help those who may need loans."

N. Y. State Factories Reduce Employment 0.6%

Fluctuations in the number of workers employed by defense plants caused a net decline of 0.6% in the employment of wage earners in New York State factories between mid-October and mid-November, according to a statement issued on Dec. 22 by Industrial Commissioner Edward Corsi, head of the State Labor Department, who states that "total payrolls declined by 0.5% during the month." He adds that "employment in factories in the metals and machinery group was reduced by 1.2% although payrolls were reduced by only 0.3%. The only other industry where large numbers of workers were laid off," says the statement, "was the apparel group where the net decrease of 0.9% was due to seasonal factors. A decrease of nearly 9% in employment in the canneries caused a net drop in the food group slightly greater than the average for all manufacturing industries in spite of increases in most other industries in the food group." The Commissioner's advices continue in part:

"Employment in November was 10.4% lower than it was in the same month a year ago, while payrolls were 6.3% smaller. Average weekly earnings amounted to $48.92 in the current month, which represents a gain of $2.19 when compared with November of last year. These figures are based on preliminary tabulations of reports from 2,880 factories throughout the State, collected and analyzed by the Division of Research and Statistics under the direction of Meredith B. Givens.

"In the metals and machinery group relatively heavy losses were reported by the electrical machinery industry. One large plant which had hired additional workers in September and October, reduced employment in November to approximately the August level. Several of the larger concerns making radios and radio parts reported fewer workers in November but others were employing more. Decreases in employment were sometimes accompanied by increased payrolls and increases in employment, by decreased payrolls. The reports reflect a dynamic situation with constant changes in both the amount and type of labor required. The net change for the electrical machinery industry was a decrease of approximately 2.4% in employment with a drop of 2% in payrolls.

"Most of the ordnance plants employed fewer people in November. Employment in the aircraft branch of the transportation equipment industry decreased at about the same rate as in the electrical machinery industry, 2.5%, but conditions varied from plant to plant. Other branches of the transportation equipment industry except the railroad equipment plants employed more people in November. Two small plants reported recovery following strikes in October. Production in one plant was held up because of a shortage of material. Many firms making professional and scientific instruments, photographic and optical goods, reported fairly stable employment. The net decrease for the industry was due to reduced employment in plants devoted to defense production.

"Several industries in the metals and machinery group employed more people in November, notably tin can, cutlery, jewelry and bicycles. Some of this production probably was intended for the Christmas trade. The steel works and rolling mills and the iron and steel foundries reported very slight net increases in employment but structural steel works, plants making heating apparatus and those doing metal stamping and coating, reported decreases.

"In the apparel group, the most consistent downtrend occurred in the millinery industry. Manufacturers of women's and misses' outerwear reported irregular changes in employment with a majority of firms reporting decreases. Seasonal curtailment was more pronounced in the coat and suit houses than in the dress firms. Other apparel industries reported relatively little change. Employment in the men's clothing factories and in those making fur goods was approximately the same in November as in October but payrolls in both industries were higher.

"Several industries in the food group employed more people in November than in October. Most meat packers reported increased employment and nearly all of them, higher payrolls. Flour mills and cereal manufacturers likewise added more workers and increased their payrolls. Several candy firms made substantial additions to their forces. Bakeries and beverage manufacturers reported little change between October and November, and producers of dairy products a small net drop. The cause of the net drop in employment in the food group was a sharp cut at canneries. A corresponding sharp cut in payrolls at canneries plus an even more severe payroll reduction at sugar refineries was not quite sufficient to wipe out the payroll gains in the other food industries.

"Outside of the metals and machinery, apparel and food groups, most industries reported employment in November even with or above the October levels. Most of the textile industries reported some net increase in employment. The biggest gains were reported by rayon and silk textile mills.

"In New York City employment declined only 0.4% between October and November but payrolls were 0.8% lower. The seasonal decline in the apparel industries was somewhat more severe in the city than in the remainder of the State but employment losses at war plants were very much less. The chemicals and stone, clay and glass industrial groups which recorded net increases in employment for the State showed decreases in New York City because of the greater effect of large cuts in two New York City plants.

Redeem Sydney Bonds

City Bank Farmers Trust Company, successor fiscal agent, is notifying holders of City of Sydney, New South Wales, Australia, the Municipal Council of Sydney 25-Year 5½% Sinking Fund Gold bonds, due Feb. 1, 1955, that $67,000 principal amount have been drawn by lot for redemption at par, on Feb. 1, 1945, out of sinking fund moneys. The drawn bonds will be redeemed upon surrender at the principal office of the successor fiscal agent, 22 William Street, New York. On and after the redemption date, interest on the drawn bonds shall cease to accrue.

Brooklyn Trust Opens Limited Banking Facilities At U. S. Maritime T. S.

The Brooklyn Trust Company of Brooklyn, N. Y., announced on Jan. 2, that with the approval of the Superintendent of Banks it will open a limited banking facility on Monday, Jan. 8, at the United States Maritime Service Training Station, Sheepshead Bay, Brooklyn, in accordance with a request of the Treasury Department and War Shipping Administration. The services of the facility will not be available to the general public, but will be limited to the military and civilian personnel of the Training Station for the duration of the war emergency.

Why A World Peace Federation Will Not Succeed

(Continued from first page)

charm, for unity of front against a common enemy.

(3) The Holy Alliance

This was formed in September, 1815, by the sovereigns of Russia, Prussia and Austria, other countries joining afterward. England wisely declined her assent to a confederacy which, while professing to act on the loftiest principles of religion, could easily be transformed into a meddlesome and arbitrary mischief-maker. Precisely this happened in the case of Spain, over the protest of England. A few years later, the Alliance came to a deserved and ignoble end, hastened by the action of George Canning, England's great liberal statesman, and by the famous message of our own President Monroe, in December, 1823. It left behind it an unsavory memory.

(4) The Greek War of Independence

Commencing in 1821, this lasted nine years. After five years, when Greece was almost in desperation, England came to agreement with the Czar Nicholas, and France presently joined with them, so that on July 6, 1827, the three made a formal treaty of intervention. But Austria stood carefully aside. Should Turkey refuse mediation, the three would take steps to recognize Greek independence and stop bloodshed, "without, however, taking part in the hostilities" between Greece and Turkey. The plans for walking this "diplomatic tight-rope" were upset by the madness of a Turkish admiral. In the harbor of Navarino, in October, 1827, he foolishly fired on the combined allied squadron, and they promptly destroyed his entire fleet. This splendid victory was not received enthusiastically by the British Ministry, but was spoken of almost with regret, as an "untoward event." England refused to have anything further to do with intervention; so Russia stepped in and gained the laurels, while Austria looked on.

(5) The "Andrassy Note" of 1876

In the year of our own Centennial Exposition at Philadelphia, the condition of Christians within the Turkish Empire called loudly for pressure on the Sultan. Austria, Russia and Germany were just then in harmony, and anxious for action. In January, Count Andrassy, the very able Austrian Chancellor, drew up a document in concert with Russia and Germany, which became famous. It demanded extensive reforms and religious toleration. England and France also approved; but a few months later, at Berlin, when the first three named countries drew up a much firmer note (the "Berlin memorandum") England refused her support. Lord Beaconsfield was suspicious of Russia. The negotiations came to naught, and the Russo-Turkish War of 1877 followed. Worse still, war threatened between Russia and England. Indeed war was shockingly near. At the last it was prevented; and the quarrel between the Czar and the Sultan ended because Russia thrashed the Turks soundly. The jealousies of England, France and Austria led to the Congress of Berlin in the summer of 1878. We decline to set this Congress down as an instance of fine or friendly accord between the great powers. Neither in action nor in results does the Congress of Berlin deserve such praise.

Other Illustrations

Very briefly we mention some other discords in European affairs: (1) the failure in 1959 to bring about the assembling of a Congress to settle disputes between Austria and France and Sardinia. Russia and England were very desirous of a settlement, but it came to nothing. War followed between France and Sardinia, on one side, and Austria, on the other. (2) In 1866, Great Britain, France and Russia were all anxious for a peaceful settlement of the dispute between Austria and Prussia; but the calling of a Congress was rendered useless, if not impossible, because the various parties differed so much as to what the congress might or might not take into consideration. The wretched war of 1866 followed between Prussia and Austria. (3) In the closing years of the last century, England was so incapable of living on quiet terms with her little South African neighbor, the Boer Republic,—half independent state and half a colony of England's empire—that a pitiful war disgraced the sunset years of a great century. (4) At nearly the same time, there occurred the foolish and futile Graeco-Turkish War, of one month, carrying with it complete defeat for Christian Greece against Moslem Turkey. Mr. Gladstone's comment was:

"First, 100,000 Armenians slaughtered, with no security against repetition. Secondly, Turkey stronger than at any time since the Crimean War. Thirdly, Greece weaker than at any time since she became a kingdom. Fourthly, all this due to the mutual distrust and hatred of the Powers." (Gooch's Hist. of Modern Europe, p. 250.)

(5) Coming close to our own days in 1935, when trouble was brewing between Italy and Abyssinia, England tried to induce France to join with her in pressure upon Mussolini to cease his threats to Abyssinia. France so feared to displease Il Duce that she declined. This led Paul Reynaud, radical socialist in the Chamber of Deputies, to observe: "France had to choose between Italy, which is in rupture with the Covenant (League of Nations) and Britain, the guardian of the Covenant."

The London Conference of 1933

To name just one other episode, where our own United States played a sorry part. In an effort to bring financial and business adjustment to the world, this great conference of leading nations met at London in the spring of 1933. Hitlerism was just showing its head. There was a chance to do something fine for every one. But our own country vetoed any plan for stabilization of currency, and the great conference broke up in complete failure. We have not named all the failures, but space forbids further enumeration.

A Discouraging Record

This record is somber enough to make even the most ardent internationalist pause and reflect. If it would be nearly useless to try to form a confederation embracing only the countries of a single group, like Europe—where all are near neighbors, and all have interests closely knit together—is there any likelihood for the success of a larger organization having a much more diverse and inharmonious membership? Imagine China and the United States in council with Russia and Great Britain? Could a more unhappy arrangement be devised? China is oriental to the core, and believes in China for the Chinese only. That she can ever understand Europe seems hardly more than "wishful thinking."

The Peculiar Situation of the United States

On the other hand, we Americans are nearly as far removed from European political thought and tradition as are the Chinese. We are forcible, direct, businesslike and practical. We neither understand nor respect the bitter racial and religious hatreds of the Old World. It is clear that in the conferences at Paris in 1919, we accomplished little real good, and some positive harm. As advisers we would seldom be acceptable or welcome in a world council. And the usefulness of the best-intentioned board or commission in the world is often marred, if not completely nullified by counselors who are hopelessly divided. Witness the failure of the Federal Reserve Board and the Federal Reserve Banks to meet the situation in 1928-29. More than this, the United States is rapidly passing into a relation toward most of the leading foreign nations which will permanently disqualify us for imparting to them advice about anything. I mean that we are now, and will presently increasingly become their creditor for unheard of sums of money. It seems clear that we must give financial assistance in very large amounts to the leading nations of Europe and elsewhere. Now of all relationships that can be imagined, that of debtor and creditor is perhaps the very worst for the maintenance of good feeling. "A loan oft loseth both itself and friend." Already in the eyes of half Europe, we are the great Shylock of the West. Is any one simple enough to suppose that this will make us popular? Read the proceedings of the peacemakers in 1919 when constructing the Treaty of Versailles; see how President Wilson was constantly at odds with his associates in making that treaty; see how reluctantly they yielded only because of the great wealth and influence of the United States that were behind him. All this will be intensified in the coming years. Is the plan for a so-called "International Fund" of the Bretton Woods Conference anything more than a scarcely disguised camouflage for making the "rich" Americans set the whole world up in business? Unfortunately, the United States finds herself in the position of the one rich relative in a family of poor relations. You know how much is always expected of the "old Uncle who is wealthy and prosperous." He is looked to for help in paying the mortgage on the home, for supplying a new set of furniture, and for sending the boy through school and college. If he fails in this, he is voted a "screw"; if he gives what is asked, he gets scanty thanks. This story is familiar, but ought not to be forgotten.

Conclusion

This article does not seek to show that the nations of the Old World have never agreed upon a line of conduct. That would not be true. Rather understand it as an effort to demonstrate that when they act informally through their own chancelleries, or state departments, they are much more likely to come into some sort of harmony than when gathered in a formal and permanent congress or parliament, subject to the terms of a covenant or constitution of its own. Such a body is necessarily ponderous and slow. Jealousy is aroused over even the choice of a presiding officer; heartburnings arise over the personnel of committees; there may even be difficulty in determing the language to be used officially for speeches and records. Inevitably there is much backing and filling and shifting. Many speeches are intended more for the galleries of the world than for the delegates within the chamber. Indeed, so far as the choice of a language is concerned, difficulties may become serious. Read Colonel Bonsal's interesting volume "Unfinished Business," and realize how the constant presence of an interpreter was essential during the sessions of the peacemakers at Versailles. They were fortunate in securing such a very competent one as the Colonel himself.

Advantages of Ordinary Diplomacy Over Action Through a Congress

The regular channels of diplomatic correspondence, supplemented by personal visits of envoys, possess great advantages over a permanent parliament or congress, for the dispatch of business. On special occasions of difficulty, conferences can be held; for these are composed only of the representatives of parties having actual interests at stake. They are temporary affairs, "for this trip and train only." They come and go, and sometimes do good work. They are very different things from a big permanent convention of nations, which has a large and ill-defined jurisdiction. Some of the advantages of this regular diplomacy over a formal parliament may be stated as follows:

(1) The "Small Nation" Problem

First, there would be the elimination of the troublesome and perplexing question of the position of the smaller nations—some of whom are too weak to contribute a warship, a regiment, or a dollar in cash, but who want a vote. Neither in the Covenant of the League of Nations, nor in the Dumbarton Oaks plan, is the settlement of this problem satisfactory. In the last-mentioned the council would have as a permanent membership a few **large**—we hesitate to call them **all** "strong"—nations, namely, England, Russia, China and the United States (and presently France). To these there would be added a certain number of other nations, holding temporary seats in the council, changing every two years. But what of such states as Canada, Australia and South Africa?—especially after the sacrifices they have made in this war! Picture the "Big Four" (or Five) within the Council Chamber, while Canada, brave, loyal and intensely English Canada, waited outside in the ante-room while the big Russian Bear and the "Republics" of China and France (propped on to their feet through the sacrifice of untold numbers of English and American soldiers and sailors) sit voting on important matters inside. Considerations like this are real, not sentimental.

(2) The United States

For us Americans there would be an immense advantage in using open and ordinary diplomatic methods instead of sitting in a World Council. We know so little of European questions, and are so little sympathetic with the political thought of people on the other side of the ocean, as we have tried to show, that it will be only on rare occasions that we can exert our influence with any salutary effect. What poor work we have made of things in France and Italy during this present war! Is any one proud of our accomplishments even on this limited stage? They do not augur well for our usefulness as a world adviser in years to come.

A Few Past Precedents of Real Value

But there are some precedents in the past that suggest possible avenues of influence, on rare occasions. Take the way in which President Theodore Roosevelt induced the warring parties to bring to an end the bloody Russo-Japanese War some forty years ago. The peace of Portsmouth stands forever to his credit and that of America. No other country was in position to offer meditation as he did. Russia would have rejected either England or Germany; and France was out of the question. She was Russia's partner in alliance. Again, in 1916, President Wilson did a statesmanlike act when he addressed notes to all the combatants in the First World War, saying that he hoped for "such an avowal of their respective views as to the terms upon which the war might be concluded and the arrangements made which would be deemed satisfactory as a guarantee against its renewal." He indicated that he would be happy "himself to serve, or even take the initiative in" such an accomplishment. His effort did not meet with success, but this does not reflect upon the sound good sense that was behind the move the President made. The United States was, again, the only nation that could have made such an offer with the slightest chance of success.

The Fallacy of "One World"

The truth is that this whole movement for a United Nations confederacy rests on a misconception. The world is not "One World," but is divided into many segments. Hatreds, suspicions, jealousies and covetousness are rife to a degree that has not been known for a century. The material simply does not exist for a successful World Parliament. The mere fact that communication between countries is now easy, is not enough—is indeed of very slight consequence for purposes of a world congress. The stuff out of which to construct such an organization cannot be found. As Mr. Raymond B. Fosdick has said: "You can not put into the pot a handful of selfish instincts and expect unselfishness to come out of the brew." Academy of Pol. Science, Vol. 16, p. 76.

A World Movement Contrary to Experience Today

The largest and most far-flung confederation of peoples today is the British Commonwealth of Nations. But here the movement has been for decentralization, not for closer union. By the statute of Westminster of 1931, power was transferred from the English Parliament to the various parliaments of the Dominions. This statute formally ratified the "equality of status" conferred on the Dominions by the Imperial Conferences of 1926 and 1930. A common bond of allegiance to the Crown seems to be almost the only bond which unites England and the many English-speaking dominions into anything like a united empire. India is still on a different footing, and Ireland is hardly satisfied even yet. In the face of such a fact as this, it seems madness to try to bind the whole world into a much tighter federation than these English-speaking countries are willing to endure. "I see my country," said Thedoric Bland, in 1788, "on the point of embarking and launching into a troubled ocean, without chart or compass to direct her." Do not Mr. Bland's words contain some implications for us today? Also those other words of Professor Woolsey in his work on International Law: "The United States, on the whole has had an honorable diplomatic history, partly perhaps, if not mainly, owing to their being removed from the close intercourse and mutual jealousies of the nations of the old world." (Woolsey's Internat. Law (5th ed.), Preface to the 4th ed'n.)

Dr. Switz Elected to Bd.

Dr. Theodore M. Switz, Director of Hercules Powder Company's Export Department, has been elected to the Board of the Netherlands Chamber of Commerce in New York for a three-year term. A graduate of Lehigh University and the Royal College of Science, University of London, Dr. Switz is a director of the Inter-American Commercial Arbitration Association, a member of the Export Managers Club, and of the Council on Foreign Relations, New York City.

Items About Banks, Trust Companies

Year-end record high statement figures issued Jan. 3 by The National City Bank of New York and compared with those of Dec. 31, 1943, report show total resources of $4,469,686,465 or an increase of $501,867,116. Total deposits are $4,205,072,012 against $3,733,649,246 last Dec. 31. In this total, U. S. War Loan deposits are up $334,873,373 in the bank's total deposit increase of $471,422,766. Holdings of U. S. Government obligations are reported at $2,409,240,200 compared with $2,174,265,961. Cash on hand and due from banks is $871,882,875 against $885,401,994 and loans and discounts are $901,404,243, an increase of $268,277,606 during the year. At the year-end $5,000,000 was added to surplus, making, with the $7,500,000 in June, a total of $12,500,000 of such additions for the year, bringing surplus up to $122,500,000. Undivided profits are $28,610,465 compared with $24,053,596. The following announcement was made regarding the earnings:

"Combined net current operating earnings of The National City Bank and of the City Bank Farmers Trust Co. for the year, after provision for taxes and depreciation, were $16,443,035 compared with $15,151,756 in 1943. This represents $2.65 per share for 1944 and $2.44 per share for 1943 on the 6,200,000 shares outstanding.

"Total earnings, including operating earnings and profits from sales of securities were $23,914,374, or $3.86 per share for 1944, compared with $17,559,390, or $2.83 per share in 1943. Security profits of the bank were used to increase surplus account as were also a part of the year's recoveries. The balance of recoveries was added to reserves. Security profits and recoveries of the Trust Company for the year and its current operating earnings up to June 30, 1944, were added to its reserves."

The City Bank Farmers Trust Co. reports total deposits as of Dec. 31 as $159,973,276 compared with $99,762,502 a year ago. Total resources are $189,490,753 against $127,582,970. Cash amounts to $28,201,735 compared with $16,954,870. Holdings of U. S. Government obligations total $147,038,694, an increase over Dec. 31, 1943, of $51,967,995. Undivided profits were $6,332,967 compared with $5,830,103 the previous year.

At the regular meeting of the Board of Directors of The National City Bank of New York held Dec. 26, James V. Bohen, John L. Hogeboom, James MacN. Thompson and Joseph E. Wheeler were appointed Assistant Vice-Presidents. They were all heretofore Assistant Cashiers. John K. Hayden, Oscar Norgard and Dana B. Scudder were appointed Assistant Cashiers.

At the regular meeting of the Directors of the National City Bank on Jan. 2, Henry E. Philipp was appointed an Assistant Cashier.

At the regular meeting of the Board of Directors of City Bank Farmers Trust Co., held on Jan. 2, Anthony G. Quaremba was appointed a Vice-President. Joining the organization in 1916, Mr. Quaremba, a former Chairman of the Committee of Banking Institutions on Taxation, became an Assistant Secretary and Manager of the Tax Department in 1935 and Assistant Vice-President in 1941. At the same meeting, Hugh P. Guiler was appointed an Assistant Vice-President and Edwin J. White an Assistant Secretary.

The statement of the Chase National Bank of New York for Dec. 30, 1944, made public Jan. 3, shows total resources of $5,160,004,000, a figure higher than on any previous reporting date. This figure compares with $4,675,384,000 on Sept. 30, 1944, and $4,679,974,000 on Dec. 31, 1943. Deposits, also at a new high figure for any reporting date, amounted at the latest date to $4,835,219,000, compared with $4,352,960,000 on Sept. 30, 1944, and $4,375,582,000 on Dec. 31, 1943. Cash in the bank's vault and on deposit with the Federal Reserve Band and other banks is now $900,689,000, compared with $848,832,000 and $1,050,012,000 on the respective dates; investments in U. S. Government securities, $2,899,834,000, compared with $2,601,379,000 and $2,603,172,000; loans and discounts, $1,041,046,000, compared with $913,837,000 and $791,980,000. On Dec. 30, 1944, the capital of the bank at $111,000,000 and the surplus at $124,000,000, are unchanged from Sept. 30, 1944, and compare with $100,270,000 and $134,730,000 on Dec. 31, 1943. The change during the year reflects the transfer of $10,730,000 from surplus to capital, effective Jan. 13, 1944, following approval by the shareholders at the bank's last annual meeting. After providing for the semi-annual dividend of $5,180,000 declared last Dec. 27, which is to be paid next Feb. 1, the undivided profits account amounted to $49,801,000. That amount compares with $48,613,000 on Sept. 30, 1944 and $37,878,000 on Dec. 31, 1943. Net current operating earnings for 1944 at $2.54 a share were higher than the $2.33 reported for 1943. Net profits on securities amounted to 47¢ compared with $1.00 in the preceding year. Resulting total net earnings of the bank for 1944, as shown in the following table, were $3.01 compared with $3.33 for 1943;

	Earns. per Sh. for 12 Mos. of 1944	1943
Net current operating earnings	$2.54	$2.33
Net profit on securities	.47	1.00
Net earnings per share	$3.01	$3.33

Bank of the Manhattan Co. of New York reported as of Dec. 31, 1944, total deposits of $1,104,705,889.25 and total assets of $1,170,340,024.01 compared respectively with $1,018,644,632.68 and $1,080,008,436.26 as of Sept. 30, 1944. Cash on hand and due from banks amounted to $229,027,820.77 against $202,306,320.17; holdings of U. S. Government obligations $550,257,722.84 against $545,153,421.62. Loans and discounts increased to $345,132,608.43 from $281,895,794.66. Capital and surplus were unchanged at $20,000,000 respectively. Undivided profits after reserve of $500,000 for quarterly dividend increased to $12,408,281.62 from $11,658,963.79 at the end of September.

The Bank of the Manhattan Co. announced on Dec. 28 the appointment of Henry G. Waltemade and John Meyer as members of the bank's Bronx Committee. Mr. Waltemade is President of Henry G. Waltemade, Inc., a director of the Manhattan Life Insurance Co.; past President of the New York State Real Estate Boards and past President of the Real Estate Boards of the Bronx. Mr. Meyer is Treasurer of the Weber-Bunke-Lange Coal Co. and a trustee of Dollar Savings Bank of the City of New York. Both are active in civic and charitable affairs in the Borough of the Bronx.

Williamson Pell, President of the U. S. Trust Co., announced on Jan. 2 after the annual stockholders' election that net operating earnings for 1944 amounted to $1,886,265 compared with $1,741,420 for the previous year. In addition, profits from the sale of securities amounted to $878,166 compared with $294,401 in 1943. After deducting taxes applicable thereto, the balance of such profits was transferred to securities valuation reserve. After paying $1,400,000 in dividends and applying $100,000 to write down the book value of the banking premises, $185,000 was transferred to other reserves and $201,265 was added to undivided profits. Mr. Pell reported that income from fiduciary operations, including corporate trust fees, totalled $2,603,887, while income from invested assets amounted to $2,025,577. As of Dec. 31, total resources were $179,715,662 against $150,641,757 on Sept. 30; deposits of $146,654,340 compared with $117,898,614; U. S. Government holdings were $91,121,536 against $87,428,164; loans of $43,422,167 compared with $25,054,856, and surplus and undivided profits were $28,551,246 against $28,442,207 on Sept. 30. The average maturity of the company's investment portfolio was 4 years and 8 months to earliest call dates and 6 years and 3 months to maturity. All trustees whose terms expired on Jan. 2 were reelected for a further term of three years.

In its statement for Dec. 31, the Chemical Bank & Trust Co. of New York reported deposits of $1,398,753,587, compared with $1,153,998,166 on Dec. 31, 1943, and total assets of $1,500,836.755, compared with $1,249,514,079 a year ago. Cash on hand and due from banks amounted to $252,018,057, compared with $239,375,105; U. S. Government obligations to $836,557,275 against $657,728,406; bankers' acceptances and call loans to $77,035,291 against $63,769.792 and loans and discounts to $198,159,376 against $139,435,524.

Capital remains unchanged at $20,000,000 but surplus shows an increase from $55,900,000 to $60,000,000, reflecting the transfer on Oct. 19, 1944, of $5,000,000 from unallocated reserves to surplus. Undivided profits were $10,598,346 and showed an increase for the year of $3,128,784 after the usual dividends of $3,600,000 ($1.80 per share). The indicated net earnings on the bank's 2,000,000 shares (par $10) amounted to $3.36 per share for 1944 as compared with $2.80 per share for the preceding year.

The statement of condition of Manufacturers Trust Co., New York, as of Dec. 31, 1944, shows deposits of $1,991,382,142, which includes U. S. Government War Loan deposits of $300,866,524. On Dec. 31, 1943, deposits were $1,580,909,261, which included U. S. Government War Loan deposits of $133,098,432. Resources on Dec. 31, 1944, were $2,100,298,087, as compared with $1,682,356,909 a year ago. This is the first time that Manufacturers Trust Co. has shown resources in excess of two billion dollars in a published statement. Cash and due from banks is listed at $445,668,127, as against $401,956,453 twelve months ago. U. S. Government securities stand at $1,205,104,026; a year ago they were $887,436,948. Loans, bills purchased and bankers' acceptances are now $367,338,389, which compares with $298,950,311 on Dec. 31, 1943. Preferred stock is shown as $8,009,920, common as $32,998,440, surplus as $33.000.000, and undivided profits as $19,604,010. Net earnings for the year 1944 will be reported in detail at the annual stockholders' meeting which will be held on Jan. 10.

The statement issued by Bankers Trust Company of New York, as of Dec. 31, 1944, reflects for the first time the recent changes made in the capital funds of the company, with the capital account now standing at $30,000,000 and surplus at $80,000,000, in comparison with the previous amounts of $25,000,000 and $75,000,000, respectively. With undivided profits at $27,344,871.13, the total capital funds amount to $137,344.871.13, in comparison with $125,366,747.03, at the end of 1943. The company in reporting this January 2, said:

"Part of the increase of $11.978.124.10 in the total capital funds of the company during the year was due to the transfer of $5,000,000 from the general reserve account to provide for the increase of $5.000,000 in capital. In connection with this increase in capital, a stock dividend of $5,000,000 was paid on Dec. 29, 1944, to stockholders of record on Dec. 12. 1944, on the basis of one share of additional stock for each five shares held.

"Deposits totaled $1,726,073,556.53, in comparsion with $1,594,694,072.48 at the end of 1943. The holdings of United States Government bonds amounted to $1,059,569,241.35 which compares with the Dec. 31, 1943 figure of $950,441,228.19. Loans and bills discounted were $444,931,343.47, as against $362,407,441.55 a year prior."

Fulton Trust Co. of New York reports new highs in total deposits of $39,048.588 and total assets of $44,462,755 in its statement of Dec. 30, 1944, as compared with deposits of $30.019.005 and total assets of $35,382,141 on Sept. 30 1944. Cash, U. S. Government securities and demand loans secured by collateral amounted to

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Roosevelt Signs Flood Control Bill—Reiterates Demand for Creation of Missouri Valley Authority

The signing by President Roosevelt of the $1,000,000,000 post-war flood control bill was announced on Dec. 23. While the bill authorizes a $400,000,000 integrated program for the development of the Missouri River Basin, it provides for such development through plans prepared by the Reclamation Bureau and the Army Engineers instead of by a Missouri Valley Authority, which the President had advocated. The failure of Congress in the enactment of the bill to create the Authority, was noted by the President in approving the bill and he stated that his approval was given on the understanding that the creation of the Authority be not jeopardized and that its establishment receive early consideration of Congress.

The President's statement in signing the bill was given as follows in special advices from Washington on Dec. 23 to the New York "Times":

"I have signed on Dec. 22, 1944. the Flood Control Bill H. R. 4485. It appears to me that, in general this legislation is a step forward in the development of our national water resources and power policies.

"I note, however, that the bill authorizes for construction by the Corps of Engineers and the Bureau of Reclamation those improvements in the Missouri River Basin which, on Nov. 27, 1944, I recommended be developed and administered by a Missouri Valley Authority. My approval of this bill is given with the distinct understanding that it is not to be interpreted as jeopardizing in any way the creation of a Missouri Valley Authority, the establishment of which should receive the early consideration of the next Congress.

"I consider the projects authorized by the bill to be primarily for post-war construction, and, until the current wars are terminated I do not intend to submit estimates of appropriation or approve allocations of funds for any project that does not have an important and direct value to the winning of the war."

A reference to the enactment of the bill by Congress appeared in our issue of Dec. 21, page 2746 Aside from what was given therein regarding the bill, the "Times" in its item quoted above, had the following to say as to its provisions:

"The legislation authorizes construction of a 12-foot navigable channel from Cairo, Ill., to Baton Rouge, La., on the Mississippi River, passing through Kentucky. Mississippi and Tennessee, at a cost of $200,000,000; $45,000,000 for the White River Basin in Arkansas, $30,000,000 for the Connecticut River Basin, $70,000,000 for the Ohio River Basin and $36,140,000 for the Roanoke River Basin in Virginia and North Carolina.

"These authorizations provide for construction of flood control reservoirs, levees and dikes and for channel improvements.

"The act secures for all States their rights to 'review' all future flood control and reclamation projects surveyed by Army engineers and the Bureau of Reclamation. It gives to Western States priority rights on water for irrigation, mining, domestic and industrial uses."

Business Brains

(Continued from first page)

of "inscrutable jelly" weighing about 40 ounces per child. Remember that our physical and spiritual condition is also a reaction of these brains. Yet today most brain specialists are giving all their time to the insane and those having fractured skulls, brain tumors, etc., rather than to normal people.

But who—in your community—directs the development of these most delicate, intricate and marvelous machines? The answer usually is "shopkeepers, and second-grade lawyers, carpenters or plumbers!" Really, this situation is absolutely ridiculous. Very few school committees have a trained psychologist on their boards! In short, the trouble with most communities is that they have put the development of brains into the hands of men and women who are absolutely unfitted for the task. Most of them are using the school committee as a springboard for their personal political ambitions.

What Is Education?

Education is the development of the brain which determines whether we *think* rightly or wrongly about *everything*. If a person neglects his health or judgment, something is the matter with his brain. If he fails to recognize the Fatherhood of God and the Brotherhood of Man, something is the matter with his brain. If parents are not properly bringing up their children, something is the matter with the brains of these parents. Juvenile delinquency is merely a symptom of brain delinquency. Everything, good and bad, in your community is the result of its brains.

The relation between brains and employment is 100%. The only way to help these unemployed *permanently* is to develop their brains. This can be done; but not by putting them "on relief" or by giving them an "education." But this is only one feature of the unemployment problem. It is far more important to develop the brains of prospecitve employers and labor leaders. Too many employers hold power—not due to their brains — but because they have inherited the business from some grandfather. In fact, Mrs. Babson and I feel so strongly about this that we have given $3,000,000 to two educational institutions to help parents who are truly interested in this problem.

Memories vs. Brains

Most school superintendents know the truth of what I am saying. They hate to give so many school hours to teaching more "typing" and other "practical" courses which the carpenters and plumbers on our school committees are demanding. This also applies to courses wherein students get high marks because they have inherited good memories which will have little to do with their future health, happiness or success.

The State of Trade

(Continued from page 90)

core steel have developed from the revised small arms ammunition program, with tonnages on the same plane as when the original program was at its height more than a year ago.

Failure of civilian production to come up to past estimates under the spot authorization program has already in one case in the Chicago district resulted in a manufacturer seeking direct war contracts, according to the above source.

The scrap market showed extreme strength this week, with the immediate outlook indicating a retention of ceiling price levels, for a while at least. "The Iron Age" steel scrap composite price remained unchanged at $19.17 a gross ton, which reflected ceiling levels for No. 1 heavy melting steel at Pittsburgh, Philadelphia and Chicago.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 95.8% of capacity for the week beginning Jan. 2 compared with 92.1% one week ago. This week's operating rate is equivalent to $1,728,100 net tons of steel ingots and castings, compared with $1 656 900 net tons last week and 1,667,000 tons one year ago.

Iron Ore Consumption—A sharp decline occurred in November in iron ore consumption by furnaces from a like period in 1943, the Lake Superior Iron Ore Association reported. Consumption for the month by United States and Canadian furnaces totaled 6,882,696 gross tons of ore, compared wiht 7,319,948 tons in October and 7,409,213 tons in November, 1943. The cumulative total for the first 11 months was 80,156,816 tons, or approximately 1,360,000 tons under the corresponding 1943 period. There were 169 furnaces in blast on Dec. 1, compared with 172 on Nov. 1 and 183 on Dec. 1, 1943.

Strikes in November—Preliminary estimates of the Bureau of Labor Statistics disclose that there were 375 strikes in November, involving 200,000 workers and 710,000 man-days of idleness, representing 0.1% of the available working time.

This compares with 440 in October, involving 220,000 workers and 690,000 man-days of idleness. In November, 1943, the figures were 325 strikes, 135,804 workers idle, and 2,862,607 man-days lost. The latter figure constituted .38% of available working time.

Automotive Output in 1944—A new all-time high war production record was established by the automotive industry in 1944 by turning out $9,000,000,000 worth of armament for a total of $23,000,000,000 output since Pearl Harbor, George Romney, managing director of the Automotive Council for War Production, announced.

More than 500 automotive manufacturers in 31 States worked as a production team. In addition, prime contractors were assigned by sub-contractors in 1,375 cities in 44 States. Since Jan. 1, 1942, according to Mr. Romney, contract prices of war equipment produced by the industry have decreased by approximately one-third. Employment in this field in 1944 averaged 755 000, or about 2% more than in 1943.

The dollar value of products by types included: Aircraft and anti-aircraft parts, $4.200,000.000; motor vehicles and parts, $2,500,000.000; tanks and tank parts, $1.050 000.000; marine engines and equipment. $880,000 000; guns. $375 000,000; ammunition, $240,000.000, and other items, $275,000.000. In addition to the above, the industry also produced approximately $700,000,000 worth of replacement parts for civilian cars and trucks.

Electric Production — The Edison Electric Institute reports that the output of electricity increased to approximately 4,616,975,000 kwh. in the week ended Dec. 23 from 4,563,079,000 kwh. in the preceding week. Because the same week last year contained the Christmas holiday, no percentage comparisons are available. Output in the 1943 weekly period reached 4,295,010,000 kwh. and 3,655,926,000 kwh. for the same period in 1942.

Consolidated Edison Co. of New York reports system output of 198,800,000 kwh. in the week ended Dec. 24, 1944, comparing with 223,600.000 kwh. for the corresponding week of 1943, or a decrease of 11.0%.

Local distribution of electricity amounted to 188,900,000 kwh., compared with 215,400,000 kwh. for the corresponding week of last year, a decrease of 12.3%.

Railroad Freight Loading—Carloadings of revenue freight for the week ended Dec. 23 totaled 762,449 cars, the Association of American Railroads announced. This was an increase of 12,566 cars, or 1.7% above the preceding week this year and 121,413 cars, or 18.9% over the corresponding week of 1943. Compared with a similar period in 1942, an increase of 170,978 cars, or 28.9%, is shown.

Coal Production—Peak production of hard coal was reached in 1944, although the industry lost 18,000 miners to the armed forces or to the war industries. According to the Anthracite Institute, this year's hard coal output will exceed 59,000,000 tons, the highest in 13 years. The U. S. Bureau of Mines reports production of Pennsylvania anthracite for the week ended Dec. 23, 1944, at 1,128,000 tons, a decrease of 41,000 tons (3.5%) from the preceding week, but an increase of 194,000 tons, or 20.8% above the corresponding week of 1943. The 1944 calendar year to date shows an increase of 6.5% when compared with corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended Dec. 23 at 10,800,000 net tons, an increase of 790,000 tons, or 7.9% over output in the week preceding. Production in the corresponding week of last year amounted to 9,875,000 tons, while output for Jan. 1 to Dec. 23, 1944, totaled 609.505.000 net tons, an increase of 5.1% over the 579,730.000 tons mined in the same 1943 period.

Estimated production of beehive coke in the United States for the week ended Dec. 23, 1944, as reported by the same source, showed an increase of 13,200 tons when compared with the output for the week before, but was 53,200 tons less than for the corresponding week of 1943.

Winter Wheat Crop in the U. S.—Prospects are good for another big crop of winter wheat in the United States from estimates of the Department of Agriculture. According to this source, acreage sown was 7% larger than in the fall of 1943, and the crop generally is entering the winter with indications pointing to above average yields. The forecast is for a production of 761,591,000 bushels in 1945 and compares with 764,073,000 bushels harvested this year, which was the second largest winter wheat crop on record. Acreage of winter wheat seeded in the fall of 1944 was estimated at 49,589,000 acres. an increase of 7% from the 46,349.000 acres seeded in the fall of 1943. This is 4.5% above the 10-year average, and is the largest acreage seeded since that sown in the fall of 1937.

Lumber Shipments — The National Lumber Manufacturers Association reports that lumber shipments of 463 reporting mills were 6.8% above production for the week ended Dec. 23, while new orders of these mills were 6.3% more than production. Unfilled order files amounted to 87% of stocks.

For 1944 to date, shipments of reporting identical mills exceeded production by 2.8% and orders ran 3.7% above output.

Compared to the average corresponding week of 1935-39, production of reporting mills was 14.2% greater, shipments 25.8% greater, and orders 1.1% greater.

Crude Oil Production — Daily average gross crude oil production for the week ended Dec. 23, as estimated by the American Petroleum Institute, was 4,729,100 barrels. This represented an increase of 33,500 barrels per day over the preceding week, and 7,000 barrels above the daily average figure recommended by the Petroleum Administration for War for the month of December, 1944. When compared with the corresponding week last year, crude oil production was 366,600 barrels per day higher. For the four weeks ended Dec. 23, 1944 daily output averaged 4,710,500 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,682,000 barrels of crude oil daily and produced 14,635,000 barrels of gasoline. Kerosene output totaled 1,477,000 barrels, with distillate fuel oil placed at 4,605,000 barrels and residual fuel oil at 8,798,000 barrels during the week ended Dec. 23, 1944. Storage supplies at the week-end totaled 83.365.000 barrels of gasoline, 11.973,000 barrels of kerosine, 40,846,000 barrels of distillate fuel and 58.509,000 barrels of residual fuel oil.

Shoe Industry—Fifteen millions pairs of shoes now frozen on dealers' shelves would be bought by the public, stated Edward Atkins, Executive Secretary of the National Association of Popular Price Shoe Retailers, Inc., if rationing regulations are lifted. Mr. Atkins said that "the shoe rationing system has operated like a glacier, freezing one price line after another," moving from $3 shoes to ones priced at $4.50, since the public refuses to use its rationing coupons on low-priced utility footwear, preferring to keep these stamps for higher-priced and more fashionable models.

To move this frozen stock, it should be unrationed, Mr. Atkins stated, adding that a survey showed that this inventory had not been reduced since Nov. 1.

Spinning Operations in November—The cotton spinning industry operated in November at 120.6% of capacity, the Census Bureau reported recently. Based on an activity of 80 hours a week, November activity compares with 117.4 in October, 1944, and 125.3 in November, 1943. Spinning spindles in place on Nov. 30 totaled 23,127,334, of which 22,257,040 were active at some time in the month, compared with 22,228,138 active in October, this year, and 22,615,732 in November, 1943. Active spindle hours for November totaled 9,706,627,504, or an average of 420 hours a spindle in place, compared with 9,486,971,017 and 410 for October, this year, and 10,179.441,061 and 436 for November, 1943.

Forecast of 1945 Match Supply—Fifteen billion fewer matches next year than last is the forecast of the WPB, with civilians getting practically the entire output of strike-anywhere matches, a total of 175 000 000 000, and 65% of the matches bound in books, an estimated 125.000.000.000, with the entire supply of strike-on-the-box matches going to the services along with 35% of the book matches.

There will be less variety in the match supply for civilians but judging by this year's figures there will be no shortage, since the 1944 supply exceeded demand. Total production this year declined to 460,000,000,000 from 475,000,000,000 last year, due solely to the labor shortage.

Silver—The measure extending the Green Act to Dec. 31, 1945, was signed by the President. Government-owned silver is released under this regulation for war and essential uses. The London market for silver the past week was unchanged at 23½d. The New York Official for foreign silver continued at 44¾ cents, with domestic silver at 70⅝ cents.

Paper Production—The probability of civilian paper supplies becoming tighter during the first quarter of 1945 was indicated by the Commerce Department in its reference to recent announcements that production of war supplies must be hiked "on evidence of sustained high demand for paper for military purposes."

Paper production for the week ended Dec. 23 was at 83.8% of capacity, as against 89.2% of capacity in the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. The rate during the week ended Dec. 25, last year, was 58.6% of capacity. As for paperboard, production for the same period was reported at 94% of capacity, unchanged from the previous week.

Food Price Index—The wholesale food price index, compiled by Dun & Bradstreet, Inc., for Dec. 26 held at the year's high point of $4.09 recorded a week earlier. This marked a rise of 2.3% above the corresponding 1943 level of $4.00. Commodities advancing during the week were corn, rye, oats, barley, hogs, sheep and lambs. Declines were registered in wheat, beans, eggs and steers.

The index represents the sum total of the price per pound of 31 foods in general use.

Retail and Wholesale Trade—Retail sales volume continued to hold up well the past week for the country at large, although they failed to attain the peak reached in the same week a year ago. The lull caused by the holiday affected wholesale trade volume to a greater degree, Dun & Bradstreet, Inc., reports.

Last minute Christmas buying resulted in a depletion of better grade goods. There is a constantly lessening variety in men's furnishings and women's accessories. Spotty distribution and delayed deliveries were also noted in the wholesale field. Reorders for shoes, dry goods and textiles were only partially filled.

For the month of December the retail field reached the highest volume on record for any December. However, as the holiday period approached an end interest slackened elsewhere and attention was centered in women's and children's wear, housefurnishings and some food lines, with grocers reporting the volume well over that of a year ago during the past week.

A record business was done by liquor stores, while candy and salted nuts were in especial demand. Notwithstanding increases in other lines, demand for canned goods and meat remained on a moderate scale.

In apparel lines some spring goods made their appearance and were bought in quickly. Fur sales expanded for the first time this fall. With the exception of furniture, housefurnishings moved well.

Estimates on volume throughout the country put the increase over last year at varying points between 7% and 11%, with New England gaining from 4 to 7, the East from 9 to 13, the Middle West from 5 to 8, the Northwest from 3 to 7, the South from 7 to 14, the Southwest from 10 to 15, and the Pacific Coast from 5 to 9.

The record for wholesale trade reflected the customary holiday dulness, though food volume showed some improvement over that of a year ago. Supplies, however, were small, with poultry, meat and certain fruits and vegetables hard to obtain.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 34% ahead of a year ago for the week ended Dec. 23. This compared with 17% in the preceding week. For the four weeks ended Dec. 23, 1944, sales increased by 21%. An 11% increase in department store sales for the year to Dec. 23, 1944, over 1943, was also noted.

Here in New York City the past week spottiness characterized retail trade, reflecting both adverse weather conditions and the usual post-Christmas influences. The change in the number of days which stores were open made difficult any comparison of department store sales with one year ago.

In the wholesale market, according to the New York "Times," preparations were being made for the arrival of many buyers here beginning next week and particularly during the week of Jan. 8. Extremely tight merchandise supply conditions continue, but may not work as great a hardship as recent unfavorable market comments indicated.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Dec. 23 increased by 35% over the same period of last year. This compared with 19% in the preceding week. For the four weeks ended Dec. 23 sales rose by 21%, and for the year to Dec. 23 they improved by 11%.

Bangert Director of Buffalo Reserve Bank

The board of directors of the Federal Reserve Bank of New York has appointed George H. Bangert a director of the Buffalo Branch of the bank for a term of three years, beginning Jan. 1. Mr. Bangert succeeds Robert R. Dew, President of Dunkirk Trust Company, Dunkirk, New York, whose term as a director of the Branch expired Dec. 31. Mr. Bangert is President of the First National Bank of Kenmore, Kenmore, N. Y. The advices from the Federal Reserve Bank of New York Dec. 26 further said:

"The board of directors of the Federal Reserve Bank of New York has also appointed Gilbert A. Prole as Chairman of the board of directors of the Buffalo Branch. Mr. Prole, who succeeds Marion B. Folsom as Chairman, operates the Genesee Farm Supply Company, Batavia, N. Y."

Redeem Cuba Bonds

J. P. Morgan & Co. Incorporated, fiscal agents, is notifying holders of Republic of Cuba external debt 5% gold bonds of 1914, due Feb. 1, 1949, that $345,400 principal amount of the bonds have been drawn for redemption on Feb. 1, 1945, by operation of the sinking fund, at 102½% of the principal amount and accrued interest. Interest on the drawn bonds will cease on the redemption date, says the announcement, which adds:

"The drawn bonds will be payable on and after Feb. 1, 1945, at the office of J. P. Morgan & Co. Incorporated, New York City, or at the office of Morgan Grenfell & Co. Limited in London.

"On Dec. 22, 1944, $38,300 principal amount of the bonds previously called for redemption were still unredeemed."

General Crop Report of the U. S. Department of Agriculture for 1944

The Crop Reporting Board of the U. S. Department of Agriculture made public on December 18 its report of Crop Acreage and Production for the United States, from reports and data furnished by crop correspondents, field statisticians, and cooperating State agencies.

The report in part follows:

ACREAGE AND PRODUCTION OF CROPS
1944

Notwithstanding difficulties which at times seemed insurmountable, crop production in the United States in 1944 about equaled the all-time record set in 1942. Aggregate production of crops, now estimated at about 124% of the 1923-32 or pre-drought average, was 6% above production in 1943 and 11% above production in any season prior to 1942. This large production results from harvesting near-record yields from a near-record acreage. Yields per acre averaged higher than in any other year except 1942. The acreage harvested has been larger only from 1929 through 1932. In most of the country, growing conditions were much less favorable than in 1942 and there were fewer skilled men on the farms. The fall of 1943 was so dry that millions of acres of winter wheat sprouted unevenly or not at all. Excessive rains from February until May seriously delayed planting in the eastern States and westward into Nebraska and Texas. Only power equipment and long hours of labor saved the situation. Farmers planted when they could and they kept on planting past the normal season until there seemed only half a chance of success. At times there was much discouragement and some substitutions had to be made for crops that could not be planted, but nearly the full intended acreage was finally planted.

Summer rains were unevenly distributed. East of a line drawn southwest from Chicago, Illinois through Dallas, Texas, the summer was dry and in nearly all parts of the area crops suffered from drought during some part of the growing season. At times, yields of all crops in some States seemed threatened, but fertilizers had been applied liberally and, where the drought was broken in time, cotton and tobacco made a spectacular recovery and most other crops gave fair yields. Parts of Colorado and the far Southwest also suffered from dry weather during the summer but in most of the area from the Chicago-Dallas line northwestward to Montana growing conditions have rarely been better. Spring and summer rainfall on crop lands in this area was probably heavier than in any of the last 25 years and the summer was cool in contrast to the succession of hot summers which adversely affected crop yields every year from 1930 through 1939. As a result of good weather, crop production in this area was outstandingly heavy and helped materially to raise the average for the country as a whole.

Practically all groups of crops shared in the large production. The production totals for grains, fruits, nuts and commercial vegetables were each higher than in any past year. This year's group totals for dry beans and peas, oil seeds, tobacco, and hay and forage have each been exceeded but a few times. The cotton crop was only about average but appears ample under present conditions. Potatoes and sweet potatoes will provide about the usual per capita supply. Production of sugar and sirup crops as a group was below average chiefly because sugar beet plantings continued on a low scale.

Although national supplies of farm products are large, there are some local shortages. Feed and forage production were low relative to livestock numbers in the Tennessee-Kentucky area and portions of surrounding States where the drought was more severe. The hay crop was also short in parts of New England, New Jersey, Maryland, in the Ohio Valley and locally from Wyoming into Oregon.

The crop acreages grown in 1944 represent a mixed adjustment to war-time requirements, prices, the peculiarities of the season, and the acute shortage of manpower on many farms. In the more productive areas there are few fields that were not worked and the total acreage of crops was larger than in any recent year. The chief exceptions were near cities where booming war industries have drawn a great many workers from the farms, limited areas where floods or wet weather prevented planting and areas where drought reduced the acreage of hay and other crops that could be harvested. Where farming operations are being mechanized the consolidation of farms has continued but, as a rule, the land was closely utilized. In the competition for labor, the less productive farming sections, mostly dependent on horses or mules for power, have been handicapped and the progressive abandonment of the poorer farms and poorer fields was accentuated by the adverse weather at planting time. Wet weather in the early spring limited the acreage sown to oats and barley in the central Corn Belt States and tended to increase the acreages of corn, soybeans, sorghums, buckwheat, and other crops which could be planted later. Abundant rains in the main producing States account for the further increase in wild hay to the largest acreage cut since 1927. The large total crop acreage in the Great Plains area was due in part to the improved finances and encouragement that naturally followed 3 good crop years in succession.

Some farmers who last year attempted to help meet national war needs by growing peanuts, flaxseed, beans and other crops in areas where these crops do not ordinarily succeed, shifted back to crops which could be grown, with more certainty. Sugar beets, sorghum sirup, cowpeas, strawberries, and maple products have continued to show low production in part because of their high labor requirements. The planting of cotton has also been affected by the shift of workers to non-farm jobs, but the price of tobacco was high enough to offset the labor cost and the acreage was increased. In general, recent shifts between crops reflect efforts to secure the maximum output of needed products with a limited supply of labor. Judged from that point of view this year's accomplishments are outstanding, but further increases in crop acreage and further shifts towards intensive, high-value crops would have been possible if still more machinery could have been made available.

Crop yields per acre in 1944 averaged between 2 and 3% below the unprecedented yields of 1942 but about 7% above those of 1943, the next highest year. Yields were nearly a third higher than the average during the 1923-32 or pre-drought period. Yields of cotton and tobacco, which have been rising for some years, were helped by liberal application of fertilizers and by favorable weather after the drought was broken and were higher than in any past year. Fruits, as a group, also showed a record yield per acre. Corn and wheat, helped by the development of improved seed and by favorable weather in much of the main producing area, gave higher yields than in other years except 1942. Wild hay and sorghums for grain were particularly favored by the weather and gave yields that have seldom been exceeded. The yield of tame hay crops has been rising irregularly as a result of various factors including shifts between kinds and increased application of lime. The 1944 crop, however, was hurt by the summer drought east of the Mississippi River and the yield was lower than in 4 of the last 6 seasons but higher than in any earlier years except two. Yields of oats and barley were unfavorably affected by late planting and were only a little above the 10-year average. Yields of soybeans, potatoes, and sugar beets were above the average but about in line with the upward trend during recent years. Yields of beans, peanuts, and rice were lowered by unfavorable weather and to some extent by the expansion of acreage on less suitable land to meet wartime requirements.

Crop and Unit—	Acreage Harvested (in thousands)			Production (in thousands)		
	Average 1933-42	1943	1944	Average 1933-42	1943	1944
Corn, all (bu.)	92,355	94,455	97,235	2,369,384	3,034,354	3,228,361
Wheat, all (bu.)	53,706	50,648	59,309	760,199	841,023	1,078,647
Winter (bu.)	38,163	33,975	40,714	570,675	531,481	764,073
All spring (bu.)	15,544	16,673	18,595	189,524	309,542	314,574
Durum (bu.)	2,377	2,095	2,116	27,413	35,574	31,933
Other spring (bu.)	13,166	14,578	16,479	162,112	273,968	282,641
Oats (bu.)	35,597	38,395	38,984	1,028,280	1,137,504	1,166,392
Barley (bu.)	11,485	14,768	12,359	256,350	324,150	284,426
Rye (bu.)	3,344	2,755	2,254	40,446	30,452	25,872
Buckwheat (bu.)	416	505	515	7,020	8,830	9,166
Flaxseed (bu.)	2,048	5,847	2,794	17,180	51,946	23,527
Rice (bu.)	1,036	1,468	1,466	49,626	64,843	70,237
Popcorn (lbs.)	*76	90	154	*100,228	126,432	202,255
Sorghums for grain (bu.)	4,655	6,662	9,117	65,362	103,864	181,756
Sorghums for forage (tons)†	8,532	8,426	7,575	11,266	10,993	12,306
Sorghums for silage (tons)‡	844	950	958	4,454	4,969	6,358
Cotton, lint (bales)	26,389	21,652	20,098	12,455	11,427	12,359
Cottonseed (tons)	------	------	------	5,258	4,688	4,941
Hay, all (tons)	68,978	74,345	74,067	85,109	99,573	97,930
Hay, all tame (tons)	57,049	60,880	59,547	75,320	87,244	83,845
Hay, wild (tons)	11,928	13,465	14,520	9,788	12,329	14,135
Alfalfa seed (bu.)	718	769	962	1,206	1,169	1,125
Red clover seed (bu.)	1,097	1,312	2,145	1,195	1,173	1,735
Alsike clover seed (bu.)	146	100	107	312	231	222
Sweet clover seed (bu.)	335	171	252	906	442	644
Lespedeza seed (lbs.)	563	858	1,303	110,381	164,620	267,700
Timothy seed (bu.)	458	431	368	1,602	1,680	1,324
Beans, dry edible (bags)§	1,755	2,404	2,057	15,126	20,922	16,128
Peas, dry field (bags)§	266	795	695	3,148	10,870	8,873
Soybeans for beans (bu.)	3,848	10,684	10,502	68,771	193,125	192,863
Cowpeas for peas (bu.)	1,317	949	750	6,932	4,854	4,213
Peanuts picked & threshed (lbs.)	1,842	3,595	3,212	1,341,811	2,184,760	2,177,670
Velvetbeans¶ (tons)	2,129	1,948	1,457	867	775	615
Potatoes (bu.)	3,045	3,331	2,910	362,912	464,999	379,436
Sweet potatoes (bu.)	798	896	771	67,182	73,380	71,651
Tobacco (lbs.)	1,534	1,452	1,712	1,388,967	1,402,988	1,835,371
Sorgo syrup (gals.)	240	206	195	13,810	11,840	12,197
Sugarcane for sugar and seed (tons)	281	306	295	5,329	6,485	6,148
Sugarcane syrup (gals.)	134	134	135	20,844	21,575	21,506
Sugar beets (tons)	852	548	561	10,094	6,532	6,821
Maple sugar (lbs.)	**11,057	**9,281	**8,681	738	578	565
Maple syrup (gals.)	**11,057	**9,281	**8,681	2,579	2,555	2,568
Broomcorn (tons)	295	244	380	40	36	67
Hops (lbs.)	34	32	37	††39,024	42,448	47,695
Flax fiber (Oreg.) (tons)	*7	12	8	*12	20	14
Hemp fiber (lb.)	*5	146	66	*5,105	140,680	67,490
Hemp seed (lb.)	------	40	1	------	14,015	528
Apples, commerc. crop (bu.)	------	------	------	††*122,378	89,050	††124,212
Peaches, total (bu.)	------	------	------	††57,618	††41,931	††75,003
Pears, total (bu.)	------	------	------	††28,559	††24,585	††30,821
Grapes, total ¶¶ (tons)	------	------	------	††2,371	2,973	2,580
Cherries (12 States) (tons)	------	------	------	††155	††117	201
Plums (2 States) (tons)	------	------	------	††69	79	††100
Prunes, used fresh (3 States) (tons)	------	------	------	47	40	58
Prunes, canned (2 States) (tons)	------	------	------	26	39	22
Prunes, frozen (tons) (2 States)	------	------	------	------	13	10
Prunes, dried (3 States) (tons)	------	------	------	214	208	161
Prunes, other processed (3 States) (tons)	------	------	------	------	1	1
Oranges (5 States) (boxes)	------	------	------	70,557	106,656	106,848
Grapefruit (4 States) (boxes)	------	------	------	32,858	55,979	48,741
Lemons (Calif.) (boxes)	------	------	------	10,970	11,038	13,321
Cranberries (5 States) (bbls.)	------	------	------	633	681	377
Pecans (12 States) (lbs.)	------	------	------	92,010	132,174	141,865
Commercial truck crops	3,102	3,499	3,811	------	------	------
For market (25 crops)	1,707	1,573	1,873	------	------	------
For processing (11 crops)	1,395	1,926	1,938	------	------	------
Total, 52 crops***	327,662	346,614	352,072	------	------	------

*Short-time average. †Dry weight. ‡Green weight. §Bags of 100 pounds (uncleaned. ¶All purposes. **1,000 trees tapped. ††Includes some quantities not harvested. §§Short-time average. ¶¶Production includes all grapes for fresh fruit, juice, wine and raisins. ***Excluding crops not harvested, minor crops, duplicated seed acreages, strawberries and other fruits.

Crop and Unit—	Yield per Acre		
	1933-42 Average	1943	1944
Corn, all (bushels)	25.8	31.2	33.2
Wheat, all (bushels)	14.1	16.6	18.2
Winter (bushels)	15.0	15.6	18.8
All spring (bushels)	12.2	18.6	16.9
Durum (bushels)	11.2	17.0	15.1
Other spring (bushels)	12.4	18.8	17.2
Oats (bushels)	28.6	29.6	29.9
Barley (bushels)	21.7	21.9	23.0
Rye (bushels)	11.7	11.1	11.5
Buckwheat (bushels)	16.9	17.5	17.8
Flaxseed (bushels)	7.7	8.9	8.4
Rice (bushels)	48.1	44.2	47.9
Popcorn (pounds)	*1,316	1,410	1,314
Sorghums for grain (bu.)	13.4	15.6	19.9
Sorghums for forage (tons)†	1.31	1.30	1.62
Sorghums for silage (tons)‡	5.10	5.23	6.64
Cotton, lint (pounds)	226.9	253.5	295.3
Hay, all (tons)	1.23	1.34	1.32
Hay, all tame, (tons)	1.32	1.43	1.41
Hay, wild (tons)	.81	.92	.97
Alfalfa seed (bushels)	1.70	1.52	1.17
Red clover seed (bushels)	1.13	.89	.81
Alsike clover seed (bushels)	2.20	2.30	2.08
Sweetclover seed (bushels)	2.79	2.58	2.56
Lespedeza seed (pounds)	187.8	191.8	205.5
Timothy seed (bushels)	3.23	3.90	3.59
Beans, dry edible (pounds)	859	870	784
Peas, dry field (pounds)	1,153	1,367	1,277
Soybeans for beans (bushels)	17.1	18.1	18.4
Cowpeas for peas (bushels)	5.3	5.1	5.6
Peanuts picked and threshed (pounds)	734	608	678
Velvetbeans§ (pounds)	816	796	844
Potatoes (bushels)	120.1	139.6	130.4
Sweet potatoes (bushels)	84.3	81.9	92.9
Tobacco (pounds)	908	966	1,072
Sorgo syrup (gallons)	57.6	57.5	62.5
Sugarcane for sugar and seed (tons)	18.8	21.2	20.8
Sugarcane syrup (gallons)	155.0	161.0	159.3
Sugar beets (tons)	11.8	11.9	12.2
Maple sugar and syrup (pounds)	¶1.94	¶2.26	¶2.43
Broomcorn (pounds)	273	298	354
Hops (pounds)	1,158	1,318	1,303
Flax fiber (Oreg.) (tons)	*1.59	1.67	1.65
Hemp fiber (lb.)	*910	962	1,019
Hemp seed (lb.)	------	346	440

*Short-time average. †Dry weight. ‡Green weight. §All purposes. ¶Total equivalent sugar per tree.

Considering all crops, the outstanding factors responsible for the high average yields in 1944 appear to be more than normal rainfall in the Great Plains States where rainfall tends to be the limiting factor, heavier than usual application of fertilizers in the Southwest where yields depend largely upon fertilizers, cumulative effects from the increased use of lime in the Dairy Belt, increased use of hybrid corn in the Corn Belt, the increase in the number of tractor-equipped farms which enabled farmers to catch up after a late start, and the progressive improvement in the technique of crop production in all States.

Both the outstanding character of the season and the progress being made in methods of crop duction are shown by the statistics for individual crops. Corn production sets a new high record of 3,228,000,000 bushels. Although this is only 6% above production in 1943 and 3% above production in 1942, it is 20% above production in any of the preceding 9 years, all of which were affected by drought. The yield averaged 33.2 bushels per acre, only a little above the yields of 1941 and 1943 and below the record yield of 1942, but about one-sixth above the average yield during any 10-year period during the past 70 seasons. About half of this year's crop is in the seven Corn Belt States west of the Mississippi River, where good summer rains, hybrid seed, and some increases in acreage more than offset the adverse effects of delayed planting and raised corn production 82% above the 1933-42 average production in this group of States. A good corn crop was also secured in Wisconsin and northern Illinois but total production in other States east of the Mississippi was about the same as the average during the preceding 10 years, with damage from drought quite severe in some areas. Wheat, like corn, oats, sorghums, soybeans, and various other crops, has been helped by the development of high-yielding varieties and the 1944 yield of 18.2 bushels per acre is the second highest on record. Some 6 million acres of wheat were lost, chiefly from drought at planting time but, with the help of timely spring rains and moderate temperatures, yields were unusually high in many of the States where recent droughts have been severe. In the Dakotas, Montana, Kansas, Texas, and Oklahoma, wheat production exceeded the 10-year (1933-42) average for those six States by 285,000,000 bushels, or 84%, raising national wheat production to a total of 1,079,000,000 bushels. This exceeds even the bumper crop of 1915, the only other wheat crop that has passed the billion bushel mark. The record for sorghums is equally outstanding. Southwestern farmers shifted heavily to the newly developed low-growing kinds which can be harvested with a combine. The season was favorable, a near-record yield per acre was secured, and the quantity of sorghum harvested for grain in the United States reached 181,756,000 bushels, 63% more than in any previous year.

Corn

All previous records of corn production were shattered by the 1944 crop. Though the outturn of the crop as reported by farmers falls 1% below the Nov. 1 forecast, production as now estimated, 3,228 million bushels, is about 97 million bushels above the previous record set in 1942. This year's crop for all purposes—grain, silage, forage, hogging, etc.—is 6% above the large 1943 crop and 36% larger than the 10-year average.

Corn harvested for grain also tops all previous records, with 2,910 million bushels in 1944, compared with 2,725 million bushels in 1943 and 2,849 million bushels in 1942, the previous record. In attaining this record crop of grain corn—farmers did not neglect their supplies of silage and forage corn, as the proportion for grain, 89.8% of all corn harvested, is lower than in two of the preceding three years. The large proportion utilized as roughage this year reflects to some extent the salvaging of corn damaged by drought and a relatively large acreage pastured or hogged off as a labor-saving expedient. The increased use of mechanical pickers, however, permitted harvesting for grain a proportion of the total acreage very near that usual in recent years and, in fact, the largest acreage since 1933.

The acreage of corn harvested for all purposes is the largest since 1933. Abandonment of only 1.5% is smaller than usual and is due chiefly to drought in some southern and western States. Acreage lost in the Corn Belt is a relatively small proportion of the total acreage planted. The planted acreage is the largest since 1936, which was the last year in which 100 million acres was exceeded.

Use of hybrids is an important factor in attaining the average yield of 33.2 bushels per acre for all corn, a yield exceeded in recent years only by the 1942 crop. Most of the important Corn Belt States plant 85 to 99% of their acreage to hybrids, and for the country as a whole 57% of all corn acreage is hybrid. Hybrids are credited with withstanding well the drought in the eastern Corn Belt and adjacent areas.

The 1944 corn crop overcame numerous obstacles in reaching record proportions. Planting was delayed in much of the Corn Belt by excessive rains, with floods in Iowa and the lower Ohio and Missouri River valleys. Large acreages intended for small grains were diverted to corn when seeding was too greatly delayed by adverse weather and wet fields; but, on the other hand, other acreages intended for corn could not be prepared in time and were diverted to later crops or left in grass or hay crops. Even in the South larger proportions than usual of the corn acreage were planted late. Later developments proved this to be a fortunate circumstance, however, as early corn suffered from drought while late corn came on after the drought was relieved, to produce one of the better corn crops grown in that section. In June a drought area began to develop, extending from southwestern Ohio diagonally across several States to eastern Texas. This expanded in July and August into a large area extending roughly from New England and the Atlantic States north of Virginia, through Ohio, Indiana, southern Michigan, southern Illinois, West Virginia, Kentucky, Tennessee, Arkansas, parts of Missouri, Georgia, Alabama, Mississippi, Louisiana, and into east Texas. In late August, favoring rains relieved much of the drought area and favorable September weather, practically without frost, offset to a large degree previous moisture deficiencies in some areas and excessive moisture in others. Light frosts in early October checked growth, then favorable weather for maturing the crop followed. October and November were almost ideal for harvesting the crop. Much corn with high moisture content appears to have been successfully handled in Western Corn Belt areas, so that spoilage has been reduced to a minimum, with relatively insignificant quantities of chaffy or soft corn. Fields too late for grain corn, or drought-damaged were largely salvaged as silage or forage.

Yields of corn in 1944 exceed the average in most States. Exceptions occur in New Hampshire, Vermont, Rhode Island, New Jersey, Delaware, Pennsylvania, Ohio, Indiana, Michigan, West Virginia, Kentucky, Tennessee, Texas and Arizona, reflecting the effects of the midsummer drought. Many western Corn Belt States exceeded average yields per acre by very wide margins. Combining large acreages and excellent yields, new production records were set in Wisconsin, Minnesota, Iowa, North Dakota and Nebraska with numerous other States at near record levels.

Wheat

All wheat production at 1,078,647,000 bushels is the Nation's largest wheat crop. It is 70 million bushels larger than the previous record crop produced in 1915. Farmers responded to removal of acreage restrictions and the urge for increased production by growing the largest acreage of all wheat since 1938. The 59,309,000 acres harvested this year is a sharp increase over last year and is above the average of the past 10 years, but it was exceeded in nearly a dozen years of the past 30. The yield of 18.2 bushels per acre, second largest in U. S. wheat history, is a large contributing factor. The rains needed to produce the record crop came in time in practically all wheat producing sections. Too much rain during harvest time caused field losses in the upper part of the Southern Great Plains area centering in western Kansas, and in the Northern Plains States, with the heaviest field losses in North Dakota.

Winter wheat rallied from generally low fall and winter prospects and ended the season with near records both in production of 764,073,000 bushels and in yield of 18.8 bushels per acre which is 0.9 bushel short of the record yield of 19.7 bushels per acre in 1942. Winter wheat was seeded last fall in most of the southwestern winter wheat States under adverse conditions, principally moisture deficiency. This was met by seeding in dry ground or by prolonging seeding operations to a late date. Nevertheless, the largest increase from 1943 in wheat acreage was in winter wheat, which increased 22.7%, whereas spring wheat acreage increased 11.5%. The desired rains came late in the fall season, permitting belated completion of seeding and benefited the early seedings. In most of the Southern Great Plains wheat area fall rains were insufficient and wheat there entered the winter in below average condition, with expectations of heavy abandonment and relatively low yields per acre.

Winter precipitation was beneficial to the wheat which germinated in the fall and the resulting improvement in prospects became progressively more favorable as the season advanced, excepting in Nebraska, where the adverse conditions continued, resulting in a yield below average. In that State the first substantial precipitation did not occur until late in January. Germination there was very uneven (some delayed until after Feb. 1). Plants were weak and failed to make normal spring growth. In the Plains States, excepting Nebraska, the season ended with yields per acre much above average on the harvested acreage. However, abandonment from Kansas northward was comparatively heavy, due to the poor start in the fall, rain damage during harvest, and rust in some sections. The abundant harvest in the Southwest created a storage, transportation, and labor problem which was met partly by storage of considerable wheat piled temporarily on the ground.

South Dakota, Nebraska and Wyoming experienced heavy black stem rust damage, but rust caused little concern elsewhere. In the soft winter wheat States of the Corn Belt and in the Southeast, the season ended quite favorably, with abandonment light and yields above average. In some North Central States fall growth was retarded by dryness, but after the spring rains plant growth was heavy. Danger of rust there was averted by hot dry weather preceding harvest, which pushed the wheat to early maturity. Heavy flood losses occurred in late April in Illinois and Missouri. In the Pacific Northwest, spring rains enabled winter wheat to overcome the handicap of extreme dryness which had caused a slow start and concern through the winter months.

Spring wheat also had a relatively favorable year, with the production of 314,574,000 bushels a little above last year and 66% above the 10-year average. However, there were 5 years of larger crops in the two decades before 1930. The relatively large crop is due to the large acreage harvested—18,595,000 acres in 1944, the largest since 1938. The yield of 16.9 bushels per acre is 1.7 bushels lower than last year and 3.3 bushels under the record 1942 yield. The moisture situation in the spring favored planting the intended acreagae and promoted good growth. Adversely, excessive rains at harvest delayed combining and delayed the threshing of the shocked grain, resulting in considerable acreage loss and reduced yields.

Durum wheat production at 31,933,000 bushels fell off considerably from the large crops of the two preceding years. This was due to a lower yield per acre, this year of 15.1 bushels, 2 bushels under last year and 6 bushels below the record 1943 yield. This year's 2,116,000 acres harvested is larger than either of the two preceding years, but only a little less than the 10-year average. Wet weather caused the most damage in sections of the States where durum wheat acreage is heaviest.

Other spring wheat, with 16,479,000 acres harvested, was the big factor in holding the all spring wheat crop at a high level. This is the largest other spring wheat crop on record. The yield of 17.2 bushels per acre was exceeded in each of the past 2 years but they were years of lower acreage. Abandonment of spring wheat acreage was relatively light, limited to the losses from rains during and after harvest and some hail loss in Montana.

In **production by classes,** the most marked change from last year is in soft red winter wheat, which, at 224,983,000 bushels, is two-thirds larger than last year. Hard red winter wheat at 472,995,000 bushels is a third larger than last year; white wheat, 103,238,000 bushels is one-fourth larger. Hard red spring production of 244,608,000 bushels is an increase of only 6%; while durum wheat at 32,823,000 bushels is 10% below last year.

Oats

The production of 1,166,392,000 bushels of oats in the United States in 1944 is 13% more than the 10-year (1933-42) average, and 3% more than last year's production. The crop was harvested from 38,984,000 acres with an average yield of 29.9 bushels per acre.

The harvested acreage for the country as a whole is 1.5% more than last year and 9.5% more than average. Substantial acreage decreases from last year, however, are shown for the important producing States of Kansas, Nebraska, Iowa, Missouri, Illinois, Indiana and Ohio. In all of these States farmers had intended to plant a larger acreage than was planted in 1943, but the wet spring made it impossible to completely fulfill their intentions. Because of adverse planting conditions in these States, the crop was planted from two to three weeks later than usual.

The yield per acre at 29.9 bushels is 0.3 bushel more than last year and 1.3 bushels more than average. Below average yields in all the important States where the crop was affected by adverse conditions at planting time, were more than offset by yields substantially above average in other areas.

The present upward trend in oats acreage is attributed largely to such factors as the success of fall seeded oats in the South, the low labor requirements of the crop in these days of short labor supply, and the development of new varieties which are resistant to rust and other diseases and are adapted to the Middle West where they have shown substantially better yields than older varieties.

Barley

The barley crop of 284,426,000 bushels produced this year is about 12% less than last year's crop, but is still 11% above the 10-year (1933-42) average. The decline in barley production is chiefly due to reductions in acreage. The total acreage harvested in 1944 was 12,359,000 acres, compared with 14,768,000 acres in 1943. The average yield per acre this year was 23.0 bushels, which is a bushel higher than the 1943 yield and compares with the 10-year average of 21.7 bushels.

Most of the reduction in acreage occurred in the North Central States, where about half of the Nation's barley is grown. Barley acreage harvested in that area this season was 2¼ million acres less than in 1943. Acreage in Oklahoma also was reduced 165,000 acres, and moderate declines occurred in most other States. These reductions were partly offset by increases totaling 283,000 acres in Texas, New Mexico, Arizona and California.

In most States the yield per acre of barley this year was better than average. Yields were below average, however, in Minnesota, Wisconsin, Iowa and Nebraska, and about average in South Dakota and Michigan. Because of the apparent susceptibility of barley to scab and blight, especially on heavy soils, with resultant decreases in yield, the crop has not been able to hold its own in competition with other feed crops and war crops. The heavy risks involved as winter barley expanded northward and the removal of restrictions on wheat acreage also have tended to reduce barley acreage in recent years.

Rye

The 1944 production of rye, estimated at 25,872,000 bushels, is 15% less than last year's crop and 36% less than the 10-year (1933-42) average production. With the exception of 1933, 1934 and 1936, this is the smallest crop on record since 1887. The crop was harvested from 2,254,000 acres with an average yield of 11.5 bushels per acre.

For the country as a whole there has been a substantial decrease in the harvested acreage—this year's being 18% less than in 1943, and 33% below the 10-year average. Generally speaking, acreages decreased sharply in the northern half of the country and made phenomenal increases in the southern half. The principal producing areas show the greatest acreage decline, with Minnesota 71%, North Dakota 73% and South Dakota 21% below average. The acreage in Nebraska, another important State, is the same as the 10-year average.

Yields per acre in Minnesota and Nebraska are 1.5 bushels less than last year and 1 bushel less in North Dakota, but in most of the other producing areas they are substantially above last year. For the country as a whole, yields averaged 0.2 bushels less than average and 0.4 bushel more than last year. Prospects earlier in the season were for yields about a bushel higher, but full realization was prevented by unfavorable weather at harvest time in the North Central States.

Buckwheat

The 1944 buckwheat crop of 9,166,000 bushels is the largest crop in 16 years, and compares with last year's production of 8,830,000 bushels. The acreage of buckwheat harvested this year, 515,000 acres, is also a little greater than that harvested in 1943. The large production this year is due mainly to a high acreage since the yield per acre of 17.8 bushels is only a little above average. The yield last year was 17.5 bushels.

In the two principal buckwheat producing States of Pennsylvania and New York the acreage was above average, and in Pennsylvania it was also above last year. The acreage was below last year in New York, however, where in 1943 the wet spring reduced seedings of early grains which were replaced by increased plantings of buckwheat. Large increases in acreage occurred in 1944 in Wisconsin, Minnesota, Iowa, and the Dakotas, where the wet spring occasioned considerable substitution of buckwheat as a late catch crop.

The 1944 season was generally favorable for a late maturing crop like buckwheat. The moisture situation, which encouraged increased plantings, also gave the crop a good start. July and August turned hot and too dry, particularly east of the Mississippi River, where the crop was subject to these unfavorable conditions while in blossom. However, conditions for maturing the crop were improved by rains after mid-August. Since frost dates were late, there was no frost damage of consequence.

Tobacco

Tobacco production in 1944, estimated at 1,835,371,000 pounds, is nearly one-third larger than the 1943 crop and only 2% less than the record crop of 1939. This near record production is the result of an increase of 18% in acreage harvested and a record yield per acre of 1,072 pounds. With generally favorable prices received for the 1943 crop and an increase in acreage allotments, farmers stepped up their tobacco to a total of 1,712,000 acres in 1944 compared with 1,451,900 acres in 1943 and the 10-year (1933-42) acreage of 1,534,030 acres.

A bumper crop of tobacco normally used in cigarettes is now estimated. The combined production in 1944 of cigarette types—flue-cured, burley and southern Maryland — at 1,603,766,000 pounds slightly exceeds the previous record and is 27% above the 1943 crop.

Nearly complete market sales point to a flue cured crop of 1,080,003,000 pounds. This is 37% more than the 1943 crop of 788,532,000 pounds and 38% more than the 10-year (1933-42) average. Although this is the second crop to exceed a billion pounds, it is still 8% or approximately 90,000,000 pounds below the 1939 record. Bright leaf growers harvested 1,007,300 acres of tobacco in 1944, 19% more than the 844,800 acres grown in 1943.

Weather conditions during the growing season in the Georgia-Florida area were generally favorable and a good crop was produced. In the Carolina-Virginia area farmers had considerable difficulty in getting a stand. Dry

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weather during the early part of the season retarded growth and prospects in late June were very discouraging. Rains came in time, however, and the crop made phenomenal recovery. Delayed harvest resulting from slowly ripening leaves tended to develop excellent quality and record high yields per acre.

Post harvest reports from growers indicate a record Burley crop of 491,603,000 pounds. This is about 100,000,000 pounds or 26% above production in 1943 and around 165,000,000 pounds or 51% above the 10-year (1933-42) average. Acreage for this type shows an expansion of 21%, bringing the 1944 total to 472,700 acres compared with 391,400 acres harvested in 1943. Burley growers, like flue cured producers, were plagued by transplanting difficulties and a severe drought extending through July, which delayed setting and early growth. August rains brought complete recovery except for very early tobacco, and a late fall was highly favorable for developing and harvesting the crop.

The Southern Maryland Belt, like the other two cigarette types, shows a sharp upturn in production with the 1944 crop placed at 32,160,000 compared with the 20,827,000 pounds revised estimates for the previous year.

This year's dark fire cured tobacco crop, now estimated at 65,395,000 pounds, is only 1% larger than the record low crop of 64,800,000 pounds last year. The 10-year (1933-42) acreage production of this class of tobacco is over 100,000,000 pounds and production at the end of World War I was near 300,000,000 pounds. Production of the dark air cured class of tobacco is estimated at 41,345,000 pounds. This is 38% above last year's crop and 14% above the 10-year (1933-42) average production.

The production of cigar tobacco, all classes combined, is estimated at 124,655,000 pounds, compared with 108,628,000 pounds last year, and the 10-year (1933-42) average production of 111,783,000 pounds. The present estimate broken down by classes is: fillers, 56,700,000 pounds; binders, 56,805,000 pounds, and wrappers, 11,150,000 pounds. Last year's production by classes was: fillers, 47,384,000 pounds; binders, 51,224,000 pounds, and wrappers, 10,020,000 pounds.

Potatoes

A crop of 379,436,000 bushels of potatoes was harvested in 1944. This production compares with the record of 464,999,000 bushels in 1943 and the 10-year (1933-42) average of 362,912,000. The 2,909,800 acres harvested this year was 13% below the 3,331,000 acres in 1943 and 4% below average. The yield per acre of 130.4 bushels was the lowest reported since 1939 but was 10.3 bushels above average. Abandonment of acreage planted in 1944 was 3.3% compared with 3.2% abandoned last year and the 10-year average of 2.8%.

Only Colorado, California, Rhode Island, Florida, Alabama and Louisiana reported an increase over the 1943 acreage. The rather general reduction in acreage reflects growers' experience in disposing of the 1943 bumper crop, scarcity of labor, and unfavorable weather at planting time.

Production in the three eastern surplus late States (Maine, New York, and Pennsylvania) was down 18% from the 1943 crop but was 5% above average. The reduction in the Maine crop was largely the result of below-average yields which were caused principally by hot dry weather during the summer. The acreage in Maine declined only 2% from a year earlier and this was outside the commercial area of Aroostook County. Conditions were favorable for harvesting the crop in this State and digging was completed without serious damage from frost or interference by rain. There was some increase in the New York acreage on Long Island but mid-summer drought reduced yields drastically.

Production in each of the 5 central surplus States (Michigan, Wisconsin, Minnesota, North Dakota and South Dakota) was below the 1943 crop. Production in these States was down 22% from the 1943 crop and 9% below average. Abandonment was above average in this area. Excessive rain at the beginning of harvesting operation in Minnesota and North Dakota caused considerable abandondent of acreage and adversely affected quality of early diggings. However, the late dry fall enabled farmers to harvest some of these potatoes that had been considered lost.

Colorado is the only State in the western surplus late group that had an increase over the 1943 production of late potatoes. However, the crop harvested in each State of this group except Nebraska exceeds the 10-year average. The Idaho crop is of good quality and was harvested with practically no loss or damage to quality. The late fall was favorable for maturing and harvesting potatoes in Washington, Oregon and California. Little or no freeze damage was reported in these States.

Production in the 12 other late States amounted to 27,485,000 bushels compared with 35,430,000 bushels in 1943 and the 10-year average of 38,456,000 bushels. Above-average crops were harvested in Rhode Island, Connecticut, Massachusetts, New Mexico, and Arizona, with record crops being harvested in Rhode Island and Arizona. Abnormally low crops were produced in the 5 central States of this group. Total production in the 5 States was 47% below average because of reduced acreages and drought during the critical growing period.

Production in each of the 7 intermediate potato States was below average. This group shows a decline of 34% from the 1943 crop and 28% from average. New Jersey is the only State of this group harvesting a larger-than-average acreage and even in this State yields were reduced by dry weather so that production was 4% below average.

Among the early producing States, California and Mississippi were the only States in which the crop exceeded the 1943 production. Record crops were produced in each of these two States. Larger than-average crops were produced in Georgia, Arkansas, Louisiana and Texas because of increased acreage. Yields per acre were extremely low in North Carolina, South Carolina, Georgia, Alabama, Louisiana and Florida. In these States a combination of wet weather at planting time, and frosts, blight, and drought during the growing season, caused some of the lowest yields on record.

Sweetpotatoes

A sweetpotato crop of 71,651,000 bushels was produced in 1944. This production is 2% below the 73,380,000 bushels produced in 1943 but exceeds the 10-year (1933-42) average 67,182,000 bushels by 7%. The yield per acre of 92.9 bushels is slightly higher than the yield indicated on Nov. 1 and is the highest since 1929. Only 771,200 acres were harvested this year compared with the 10-year average of 797,700 and the relatively high 1943 acreage of 896,100 acres. Dry weather that prevailed at the usual planting time and the competition with other crops for the reduced supply of available labor prevented farmers from "setting" the acreage earlier in the season.

Only Kansas, Virginia and Oklahoma show increases from the 1943 acreages. The acreages harvested in New Jersey, Indiana, Illinois, Iowa, Delaware, Maryland, North Carolina and California were unchanged from a year earlier. In all other States lower acreages were reported, with the reduction in the heavy producing State of Georgia amounting to 25%. Compared with the 10-year averages, acreages harvested in New Jersey, Illinois, Maryland, South Carolina, Florida, Louisiana, Oklahoma and Texas were average or better, whereas lower acreages were harvested in the remaining sweetpotato States.

The crop improved as the season progressed. Drought that prevailed at planting time was broken about mid-August in the South Central States, and several weeks earlier in the South Atlantic States. Adequate moisture during the latter part of the season, together with the long growing season, resulted in yields above the 10-year average for each of the sweetpotato producing States. Only in Texas and California were yields below those of last year. The crop matured under favorable conditions and weather was ideal for digging. The quality of sweetpotatoes is generally good.

Newark Banks Organize To Aid Small Business

For the purpose of facilitating loans to individuals and small businesses in New Jersey, a group of Newark banks have formed a $10,000,000 credit group. The pool was organized to assist the banks in financing reconversion and post-war projects. We quote from the Newark "News" of Dec. 20, which also said:

The nucleus of the group includes nine Newark banks, but all member banks of the Newark Clearing House have been invited to join to bring the complete organization to 25 participating banks, 13 in Newark and 12 in the suburbs.

The remaining institutions are reported in favor of the credit plan, with the individual officers now setting up the financial details.

Represented so far are the National Newark & Essex Banking Co., National State Bank, Merchants & Newark Trust Co., Fidelity Union Trust Co., Federal Trust Co., West Side Trust Co., Clinton Trust Co., Franklin Washington Trust Co. and Lincoln National Bank.

Total amount of credit to be made available under the agreement is limited to $10,000,000. The limit line of credit of each member corresponds to a percentage of the total in ratio to the bank's net deposits.

Intent of the agreement is to provide additional facility and not to limit the lending functions of any bank. The pool will be known as the Bank Credit Group for Small Business of Newark and Essex County. Its function, sponsor bankers said today, is to participate with originating banks "in financing risks so undertaken which may be in amounts, for periods, or upon terms or conditions which may make usual banking accommodations unavailable."

Operation here will be ready about the first of the year. Prime movers in the credit pool have been Robert G. Cowan, National Newark; W. Paul Stillman, National State; Horace K. Corbin and Roy F. Duke, Fidelity; Julius S. Rippel, Merchants & Newark; Frank C. Mindnich, Federal; Ray E. Mayham, West Side; T. L. R. Crooks, Clinton Trust; Stanley J. Marek, Franklin Washington, and Carl K. Withers, Lincoln National.

Peace Group Views Dumbarton Oaks Proposals As Essential Basis for Lasting Peace

Support of proposals for the establishment of a general international organization as set forth in the preliminary draft of the charter of the United Nations by the Dumbarton Oaks conference, was urged on Dec. 11 by the trustees of the Carnegie Endowment for International Peace who at the same time at their semi-annual meeting warned that the alternative would be "the threat of a third World War." The New York "Times" of Dec. 12 from which the foregoing is taken, stated that a resolution adopted at the closed session expressed the belief that the Dumbarton proposals "offer an essential basis for the structure of lasting peace," and declared that the people of the United States and of the other United Nations should be willing to "take their share of responsibilities in achieving this final objective of victory." The "Times" added:

In view of the nation-wide interest in and the demand for the text of the agreement, the resolution said the time had come to open the door to debate on the proposals. It added:

"It is by such public discussion that the fundamental principles of the organization of peace can best be strengthened, avoiding partisanship and captious criticism."

The recent election proved that "political partisanship can be avoided in the discussion of so great an issue," the trustees declared in their resolution, but they said it was important to realize, in the words of former Secretary of State Cordell Hull, that "the organization to be created must reflect the ideas and hopes of all the peace-loving nations, which participate in its creation."

"This does not mean a compromise on the fundamental nature or purpose of the organization," the trustees continued. "On the contrary, it is only by such a recognition of realities that our ideals can be fulfilled, and a United Nations organization can be founded capable of promoting justice, safety and welfare throughout the world."

The meeting was held in the offices of the Carnegie Corporation, 522 Fifth Avenue, said the "Times," with Dr. Nicholas Murray Butler, president of the endowment, presiding.

Besides Dr. Butler, trustees attending the meeting included Arthur A. Ballantine, William Marshall Bullitt, W. W. Chapin, Ben M. Cherrington, John W. Davis, Frederic A. Delano, John Foster Dulles, George A. Finch, Leon Fraser, Francis Pendleton Gaines, Philip C. Jessup, W. J. Schieffelin Jr., Maurice Sinclair Sherman, James T. Shotwell, Silas H. Strawn, Eliot Wadsworth, Lyman E. Wakefield and W. W. Waymack.

Kaehler Becomes Paid President of San Francisco Stock Exchange

The Governing Board of the San Francisco Stock Exchange announced on Dec. 2 the appointment of Ronald E. Kaehler to act as the Paid President of the Exchange, in accordance with the recent constitutional amendments adopted by the membership. Mr. Kaehler will take office at the Annual Meeting of the Exchange, Jan. 10. The announcement of the Exchange says:

"Mr. Kaehler has been identified with the financial district for more than 25 years, the first ten years of which were spent as a member of a prominent firm of tax consultants and auditors. In January, 1927, Mr. Kaehler acquired a seat on the San Francisco Stock Exchange, and represented the firm with whom he was associated, on the Floor of the Exchange. During the time he was a member he served on the Governing Board and most of the active committees of the Exchange. He sold his membership in 1934 and was engaged by the San Francisco Curb Exchange as Assistant to the President. Mr. Kaehler represented the Curb Exchange at Washington, D. C., when the rules and regulations under the Securities Exchange Act were being promulgated, and continued in this capacity until 1936 when he acquired a Curb membership and became associated with a Curb Exchange member firm.

"Mr. Kaehler is given credit for being one of the prime movers in the final consolidation of the Curb and San Francisco Stock Exchanges. Upon consolidation of the two Exchanges in May, 1938, Mr. Kaehler was appointed Assistant to the President of the San Francisco Stock Exchange. In 1939 Mr. Kaehler's title was changed to Executive Vice-President and General Manager, which position he has continued to occupy."

AIB to Hold 1945 War Conference in Cleve.

The American Institute of Banking will hold a two-and-a-half day wartime conference in Cleveland next June, it was announced on January 2, by W. C. Way national President of the Institute, who is Trust Officer of The Central National Bank, Cleveland, Ohio. This conference, to be held June 5-7, will be the 43rd annual meeting of the Institute. In making the announcement, Mr. Way stated that the conference will be a streamlined meeting held to transact essential business of the Institute, elect officers, and discuss wartime bank personnel training problems. Similar annual meetings were held in Chicago and St. Louis during the past two years. Headquarters for the Cleveland meeting will be the Statler Hotel.

Following the mid-winter meeting of the Institute's Executive Council, which will be held in Jacksonville, Florida, January 21-23, further details of the agenda and arrangements for the wartime conference to be held next June in Cleveland will be announced. The arrangements for this meeting are in the hands of the Program Committee consisting of David T. Scott, First National Bank of Boston, Mass., who is the Vice-President of the American Institute of Banking, Chairman; Irving W. Distel, Chairman of the local conference committee, who is Vice-President of the Society for Savings, Cleveland, Ohio, and Floyd W. Larson, Secretary of the American Institute of Banking, 22 East 40th Street, New York City.

Crawford to Address NY Commerce Chamber

"Report From the War Front" is the title of an address to be made by Frederick C. Crawford, President of Thompson Products, Inc. and former President of the National Association of Manufacturers, at the first 1945 meeting of the Chamber of Commerce of the State of New York, at 65 Liberty Street, at noon today (Jan. 4). Mr. Crawford recently returned from a visit to the battlefronts made at the request of the War Department. Leroy A. Lincoln, President of the Chamber, will preside.

National Fertilizer Association Commodity Price Index Advances to Record High

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and issued Jan. 2, climbed to the highest peak recorded by this index. In the latest week, Dec. 30, 1944, this index rose to 140.1, advancing from 139.9 in the preceding week. A month ago the index stood at 139.4, and a year ago at 136.5, based on the 1935-1939 average as 100. The general level of the index at the close of 1944 is 2.6% higher than it was at the beginning of the year. Percentage increases were as follows: foods, 3.4%; farm products, 7.0%; fuels, 2.2%; miscellaneous commodities, 1.5%; textiles, 3.6%; metals, 1.3%; building materials, 1.8%; fertilizer materials, 0.5%; fertilizers, 0.1%, and farm machinery, 0.6%. The only group that showed a decrease was chemicals and drugs, which declined 0.6%. It will be noted that the fertilizer group showed the smallest increase during the year 1944.

Higher prices for the farm products group were again responsible for the rise in the index. The cotton index showed a slight advance. The index for the grains subgroup advanced because of higher prices for wheat and rye. This index is 4.0% lower than it was a year ago. While quotations for choice cattle declined, those for hogs, lambs, and sheep showed gains, thus causing a substantial rise in the livestock index. At the close of the year the livestock index was 0.7% lower than at its highest point, which was reached October 28, but is 10.8% higher than it was at the beginning of the year. The miscellaneous commodities group showed a slight advance because of higher prices for leather. Farm machinery also advanced fractionally. All other groups in the index remained unchanged.

During the week ten price series in the index advanced and one declined; in the preceding week there were nine advances and five declines; in the second preceding week there were ten advances and six declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Dec. 30, 1944	Preceding Week Dec. 23, 1944	Month Ago Dec. 2, 1944	Year Ago Jan. 1, 1944
25.3	Foods	144.5	144.5	144.4	139.8
	Fats and Oils	144.6	144.6	145.1	146.4
	Cottonseed Oil	160.7	160.7	163.1	160.7
23.0	Farm Products	165.5	164.5	163.0	154.7
	Cotton	205.3	205.2	204.1	189.8
	Grains	158.9	158.1	158.6	165.5
	Livestock	161.5	160.2	157.9	145.8
17.3	Fuels	130.4	130.4	130.4	127.6
10.8	Miscellaneous commodities	133.4	133.2	133.2	131.4
8.2	Textiles	155.8	155.8	155.2	150.4
7.1	Metals	105.8	105.8	105.6	104.4
6.1	Building materials	154.0	154.0	154.1	152.4
1.3	Chemicals and drugs	125.1	125.1	126.1	127.7
.3	Fertilizer materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.8
.3	Farm machinery	104.8	104.7	104.7	104.2
100.0	All groups combined	140.1	139.9	139.4	136.5

*Indexes on 1926-1928 base were: Dec. 30, 1944, 109.1; Dec. 23, 109.0, and Jan. 1, 1944, 106.3.

We also give below the report for the previous week made public on Dec. 26:

The weekly wholesale commodity price index, compiled by The National Fertilizer Association, equalled the highest peak of the index which was previously registered Oct. 21, 1944. The index was 139.9 in the week ending Dec. 23, 1944, advancing from 139.5 in the preceding week. A month ago the index stood at 139.6 and a year ago at 136.4, based on the 1935-1939 average as 100.

Higher prices for the farm products group were largely responsible for the upward swing. The cotton index advanced considerably. Substantially higher quotations for cattle, hogs and sheep resulted in a market increase in the livestock index although quotations for lambs declined somewhat. The grains sub-group declined because of lower prices for wheat, with rye prices showing fractional increases. The foods group also advanced, reaching a new high point for the foods index. Higher quotations for potatoes were responsible for this rise in spite of lower prices for dried beans and cottonseed oil. The textiles group also reached a new high level because of higher prices for raw cotton and brown sheeting. The remaining groups in the index remained at the same level.

During the week there were 9 price series in the index that advanced and 5 that declined; in the preceding week there were 10 advances and 6 declines; in the second preceding week there were 8 advances and 7 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Dec. 23, 1944	Preceding Week Dec. 16, 1944	Month Ago Nov. 25, 1944	Year Ago Dec. 25, 1943
25.3	Food	144.5	144.4	143.9	139.8
	Fats and Oils	144.6	145.3	145.1	146.1
	Cottonseed Oil	160.7	163.1	163.1	159.6
23.0	Farm Products	164.5	163.4	164.2	154.1
	Cotton	205.2	204.4	202.8	187.8
	Grains	158.1	159.0	157.9	164.3
	Livestock	160.2	158.3	160.4	145.5
17.3	Fuels	130.4	130.4	130.4	127.6
10.8	Miscellaneous Commodities	133.2	133.2	133.2	131.4
8.2	Textiles	155.8	155.2	155.0	150.1
7.1	Metals	105.8	105.8	105.6	104.4
6.1	Building Materials	154.0	154.0	154.1	152.4
1.3	Chemicals and Drugs	125.1	125.1	126.1	127.7
.3	Fertilizer Materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.8
.3	Farm Machinery	104.7	104.7	104.7	104.2
100.0	All groups combined	139.9	139.5	139.6	136.4

*Indexes on 1926-1928 base were: Dec. 23, 1944, 109.9; Dec. 16, 108.7; and Dec. 25, 1943, 106.3.

Steel Operations and Orders Rise Despite Holidays—Tight Delivery Situation Relieved

"Because of events abroad the steel industry in the past week was feeling the full effects of an over-all pressure stemming from the now general belief that the war in Europe will be no pushover and might take much longer to finish," states "The Iron Age," in its issue of today (Jan. 4), which further adds:

"New bookings and heavy steel production continued to bear out such a viewpoint.

"Despite the holidays, steel orders rose sharply again last week and sales offices reported their customers more war-production-minded than at any time since Pearl Harbor. Forge shops and structural steel fabricators have acquired comfortable backlogs even though the latter had run out of landing craft contracts.

"Steel deliveries have lengthened considerably in the past 30 days, particularly on narrow-gage and highly flat-rolled products and carbon bars. This reflects heavy pressure of CMP orders and WPB delivery directives.

"Strip mill size sheets in many cases are now promised for June delivery and galvanized sheet promises have lengthened from June to August. Some producers are promising tin plate shipments for April whereas a short time ago February deliveries were available. Cold-rolled sheets have been extended to May from March; hot-rolled sheets to May and August from March; carbon cars to June and July from March and April; some sheared plates to June from April, wider sheared plates unchanged to March, and universal plates remaining unchanged from March promises in most cases. Narrow and wide strip were still being promised for May delivery.

"First expedient taken recently to relieve some of the tight delivery situation has been to cut back first quarter tin plate directives to 1944 fourth quarter levels after they had been raised. Space, freed on the mills, will go partially into galvanized sheets and possibly, in some cases, into rails. So far the increased rail steel directive for the industry for the first quarter appears safe, but an unlooked-for jam in shell steel output could easily change this picture.

"Steel mills are fearful that rapid increases and production directives for war programs will extend carryovers. At least one mill has gone into 1945 with a substantially larger carryover than at the beginning of September, but one steel company reports a current carryover less than one-third of its peak six months ago. The carryover situation now, however, centers in sheets and shell steel rather than in plates which were the most delayed item previously.

"Warehouses in some areas have been soliciting support from their customers in a new effort to impress WPB with their importance to essential industry. That this importance may be greater now than it was a few weeks ago during the anticipated reconversion trends, is well within the realm of reason. If some orders are forced off mill books or delayed by production directives for munition steel requirements, customers will have to turn to warehouses and excess stocks to maintain their material purchases.

"New inquiries for 3,500 freight cars, most of them 50-ton box cars and many of them high-strength steel have been received during the past week."

The American Iron and Steel Institute on Jan. 2 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 95.8% of capacity for the current week, compared with 92.1% one week ago, 96.0% one month ago and 93.1% one year ago. The operating rate for the first week of this year is equivalent to 1,728,100 tons of steel ingots and castings, compared to 1,656,900 tons one week ago, 1,727,000 tons one month ago and 1,667,000 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Jan. 1 stated in part as follows:

"Steelmakers enter the new year with order books crowded, war needs pressing for quick delivery and diversion of steel to civilian production on a larger scale indefinitely postponed. At the same time the industry is confronted with a wage increase which may necessitate upward revision in prices on certain steel products in the immediate future.

"Substantial increase in steel wages was recommended by the War Labor Board late in November, but actual effecting of the award hinges upon approval by Director of Economic Stabilization Vinson, who is expected to be guided in his decision by the Office of Price Administration. Late last week it was understood OPA had advised the wage increase could be effected without necessitating any general steel price boost, though it was reported to have advised upward revision would be necessary on certain products. Steelmakers have stated for some time past they have been absorbing $3 to $5 per ton less on a number of products and any wage increase will add to this burden.

"Deliveries as the year opens are deferred much further than had been foreseen for this period, the expected decline in demand at the year-end failing to appear. Increased demand for munitions, for small arms as well as artillery, has caused considerable diversion of steel from other uses and requirements continue to increase month by month. Consumers placing orders press for delivery promises in order to seek other sources if their usual mill supplier cannot handle their inquiry.

"Bar deliveries have been extended rapidly and now first quarter tonnage on books is one of the heaviest loads encountered during the war. The heavy shell program and need for large artillery ammunition is added to needs for heavy truck parts and for aircraft. First quarter is practically sold out by most producers and impending programs promise to absorb full production to mid-year."

Roosevelt In Christmas Message Declares We May Hasten Victory by Doing Our Share

In his Christmas message, incident to the lighting of the community tree on the White House lawn, President Roosevelt stated that "on this Christmas Day we cannot yet say when our victory will come. Our enemies still fight fanatically. They still have reserves of men and military power. But they themselves know that they and their evil works are doomed. We may hasten the day of that doom if we here at home continue to do our full share." The President added that "we pray that that the day may come soon. We pray that with victory will come a new day of peace on earth in which all the nations of the earth will join together for all time. That is the spirit of Christmas, the holy day. May that spirit live and grow throughout the world in all the years to come."

Prior to his Christmas message, the President at a news conference on Dec. 22 made the statement that "we can best help the Christmas season of the fighting men by carrying on our respective tasks and doing those things which will contribute to winning the war at the earliest possible moment," and he urged that each of us resolve to keep on the job and maintain the steady output of supplies needed by our men at the fighting fronts.

The following is the President's Christmas message which was broadcast to the armed forces throughout the world, as given in Washington advices to the New York "Herald Tribune:"

It is not easy to say "Merry Christmas" to you, my fellow Americans, in this time of destructive war. Nor can I say "Merry Christmas" lightly tonight to our armed forces at their battle stations all over the world—or to our Allies who fight by their side.

Here at home we will celebrate this Christmas Day in our traditional American way—because of its deep spiritual meaning to us; because the teachings of Christ are fundamental in our lives; and because we want our youngest generation to grow up knowing the significance of this tradition and the story of the coming of the immortal Prince of Peace and Good Will. But, in perhaps every home in the United States, sad and anxious thoughts will be continually with the millions of our loved ones who are suffering hardships and misery and who are risking their very lives to preserve for us and for all mankind the fruits of His teachings and the foundations of civilization itself.

The Christmas spirit lives tonight in the bitter cold on the front lines in Europe and in the heat of the jungles and swamps of Burma and the Pacific Islands. Even the roar of our bombers and fighters in the air and the guns of our ships at sea will not drown out the messages at Christmas which come to the hearts of our fighting men. The thoughts of these men tonight will turn to us here at home, around our Christmas trees, surrounded by our children and grandchildren and their Christmas stockings and gifts—just as our own thoughts go out to them, tonight and every night, in their distant places.

We all know how anxious they are to be home with us, and they know how anxious we are to have them—and how determined every one of us is to make their day of homecoming as early as possible. And—above all—they know the determination of all right-thinking people and nations, that Christmases such as those that we have known in these years of world tragedy shall not come back again to beset the souls of the children of God.

This generation has passed through many recent years of deep darkness, watching the spread of the poison of Hitlerism and Fascism in Europe — the growth of imperialism and militarism in Japan—the final lash of war all over the world. Then came the dark days of the fall of France, and the ruthless bombing of England, and the desperate Battle of the Atlantic, and of Pearl Harbor and Corregidor and Singapore.

Since then the prayers of good men and women and children the world over have been answered. The tide of battle has turned, slowly but inexorably, against those who sought to destroy civilization.

So, on this Christmas Day, we cannot yet say when our victory will come. Our enemies still fight fanatically. They still have reserves of men and military power. But they themselves know that they and their evil works are doomed. We may hasten the day of that doom if we here at home continue to do our full share.

We pray that that day may come soon. We pray that, until then, God will protect our gallant men and women in the uniforms of the United Nations—that He will receive into His infinite grace those who make their supreme sacrifice in the cause of righteousness and the cause of love of Him and His teachings.

We pray that with victory will come a new day of peace on earth in which all the nations of the earth will join together for all time. That is the spirit of Christmas, the Holy Day. May that spirit live and grow throughout the world in all the years to come.

White House officials estimated that more than 15,000 persons crowded behind ropes well back from the south portico of the White House to hear the President's address, which was broadcast nationally and short waved overseas.

Wholesale Prices Up 0.2% for Week Ended December 23, Labor Department Reports

"The Bureau of Labor Statistics' comprehensive index of commodity prices in primary markets again advanced slightly, 0.2% during the week ended Dec. 23, and is at the highest level reached since the war began," said the U. S. Dept. of Labor on Dec. 30 which added: "Recent small advances have brought prices 0.5% above the level of four weeks ago and 1.7% above last year at this time. The increase to 104.6% of the 1926 average was caused by higher prices for livestock, poultry and wheat, and for ce[illegible] and vegetables." From the Bureau's advices we also quote:

"Farm Products and Foods—Led by a[illegible] advance [illegible] for livestock and poultry, average prices for farm products in primary markets rose 0.5% during the week. In addition to advances of 4% for cows, 3% for hogs, and 1.8% for sheep, prices for wheat rose 0.5%. Quotations were slightly higher for live poultry in the Chicago market, white potatoes in most markets, and eggs in New York and San Francisco. Although prices for eggs were slightly higher in the two markets, the general level was 0.6% lower because of rather sharp declines in Boston, Chicago, Cincinnati, and Philadelphia. Apples declined nearly 2% and prices for corn and rye were slightly lower. Following the rise of nearly 4% for the preceding week, prices of steers averaged 3.6% lower. The level of farm products prices during the week was 1.7% above four weeks ago and 3.4% higher than in the fourth week in December, 1943.

"Irregular trends in foods prices resulted in no change in the general average during the week. Wheat flour advanced in Buffalo but declined in Kansas City. White potatoes rose sharply, while apples, dried beans, and onions were lower. Average prices for eggs also declined. Since the latter part of November, prices for foods have advanced 0.7% and are at the same level as for the corresponding week of December a year ago.

"Industrial Commodities—Except for higher prices for cotton duck and an upward adjustment in prices for paving brick, industrial commodity markets were steady. The rise in duck quotations was in line with the adjustments allowed under the Stabilization Extension Act of 1944. Higher costs in manufacture accounted for the advance in paving brick quotations. A further rise was also reported in prices for mercury."

The following notation was also included in the Labor Department's report:

Note—During the period of rapid changes caused by price controls, materials, allocation and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more comlete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Nov. 25, 1944 and Dec. 25, 1943, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from Dec. 16, 1944 to Dec. 23, 1944.

WHOLESALE PRICES FOR WEEK ENDED DEC. 23, 1944

(1926=100)

Commodity Groups—	12-23 1944	12-16 1944	12-9 1944	11-25 1944	12-25 1943	Percentage change to Dec. 23, 1944 from— 12-16 1944	11-25 1944	12-25 1943
All commodities	*104.6	*104.4	*104.2	*104.1	102.9	+0.2	+0.5	+ 1.7
Farm products	125.2	125.6	124.4	124.1	122.0	+0.5	+1.7	+ 3.4
Foods	105.7	105.7	105.4	105.0	105.7	0	+0.7	0
Hides and leather products	116.7	116.7	116.7	116.7	117.9	0	0	— 1.0
Textile products	99.0	98.9	98.9	98.9	97.2	+0.1	+0.1	+ 1.9
Fuel and lighting materials	83.7	83.7	83.7	83.6	82.6	0	+0.1	+ 1.3
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.9	0	0	0
Building materials	116.4	116.4	116.4	116.4	113.5	0	0	+ 2.6
Chemicals and allied products	104.8	104.8	104.8	104.8	100.3	0	0	+ 4.5
Housefurnishing goods	106.1	106.1	106.1	106.1	104.4	0	0	+ 1.6
Miscellaneous commodities	93.9	93.9	93.9	93.5	93.0	0	+0.4	+ 1.0
Raw materials	115.4	115.1	114.3	114.1	112.2	+0.3	+1.1	+ 2.9
Semimanufactured articles	94.7	94.7	94.7	94.7	93.1	0	0	+ 1.7
Manufactured products	*101.3	*101.3	*101.3	*101.2	100.4	0	+0.1	+ 0.9
All commodities other than farm products	*99.8	*99.8	*99.8	*99.7	98.9	0	+0.1	+ 0.9
All commodities other than farm products and foods	*99.0	*99.0	*99.0	*98.9	97.8	0	+0.1	+ 1.2

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM DEC. 16, 1944 TO DEC. 23, 1944

Increases	
Livestock and poultry	1.3
Fruits and vegetables	0.3
Grains	0.2
Brick and tile	0.2
Cotton goods	0.2
Decreases	
Other foods	0.1

Non-Ferrous Metals—Lead Limitation Order Issued—Copper Demands Gain—Quicksilver Up

"E. & M. J. Metal and Mineral Markets," in its issue of Dec. 28, stated: "The revised limitation order for lead was announced by WPB on Dec. 27. The regulation is not as drastic as some first reports indicated, and the industry feels that few consumers will suffer greatly under the order that has been worked out to keep supplies at a safe level. The plan will be given a thorough test for the first three months of 1945. Efforts will be made to stimulate domestic production of lead and increase imports. Copper consumption is increasing, and is expected in trade circles to average around 150,000 tons a month early next year. Zinc demands also are up. Quicksilver advanced again last week, owing to the sold-up condition of the market." The publication further went on to say in part as follows:

Copper

Heavy war demands for copper and copper products are expected to lift consumption in the first quarter of 1945 to about 150,000 tons a month. To meet the enlarged program, the industry believes that stockpiled metal will be drawn upon, offsetting any temporary delay in the movement of copper from foreign sources. WPB officials look for the demand to continue at the expanded rate for the first half of the year.

In addition to heavy importations from Latin American countries, more than 10,000 tons of copper a month will come into the country from Canada in the early months of 1945.

Lead

Use of lead for most civilian applications is being restricted to 60% of the b[illegible]od, the first half of 194[illegible] under the revised version of [illegible]er M-38, announced in Washington on Dec. 27. The order contains three lists: the first, group [illegible] applies to some minor civilian items in which lead has been officially banned; the second, group "B," covers military uses, storage batteries, cable covering, tetraethyl lead, ammunition, and a few non-military uses such as solders, bearing metals, and brass and bronze, for which lead will be available without restriction; and group "C," which contains the civilian items that fall into the 60% classification.

Officials believe that over-all consumption of lead will be reduced 15% to 20%, closing the gap between 1945's estimated requirements of 1,150,000 tons and estimated supplies of 970,000 tons. Officials expect that the stockpile position will improve if the Government's efforts to provide more labor for domestic production of both primary and secondary lead is successful, and if additional lead can be secured from foreign sources. The cutback, it is pointed out, is not for the purpose of adding to the stockpile.

With the order restricting consumption hanging over the market, demand was moderate. Sales last week amounted to 7,226 tons.

November production of lead by refineries operating in the United States amounted to 42,842 tons, which compares with 42,997 tons in October last and 50,558 tons in November last year, the American Bureau of Metal Statistics reports. Production in the January-November period of the current year totaled 492,536 tons, against 492,426 tons in the same period last year.

The October and November statistics of domestic producers of refined lead, in tons, are summarized as follows:

	Nov.	Oct.
Stock at beginning	24,595	23,911
Production:		
Domestic	36,112	34,642
Secondary and foreign	6,730	8,355
	42,842	42,997
Domestic shipments	43,513	42,303
Stock at end	23,915	24,595

Industrial classification of domestic shipments of refined lead, in tons:

	Nov.	Oct.
Cable	9,123	7,870
Ammunition	2,825	2,509
Foil	318	494
Batteries	6,739	5,860
Brass mills	766	847
Sundries	4,790	6,677
Jobbers	431	1,061
Unclassified	18,521	16,985
Totals	43,513	42,303

Zinc

The expanded ammunition program for 1945 has altered the situation in zinc substantially. Producers, who a month or two ago visualized a steady uptrend in the size of the stockpile, unless production dropped off, now feel certain that production and consumption will not only be in balance but look for some reduction in the large surplus now on hand. December deliveries are expected to show a gain over November because consumers, in many instances, have asked for early shipment of metal in preparation for the increased volume of business now in sight. Though call for zinc last week centered around High Grade, demand for Prime Western also has improved.

Tin

Consumers of tin entertain no false hope in regard to the supply situation for the first quarter of 1945. Imports of tin and tin concentrates are expected to continue at about the current level, though shipping conditions may temporarily cause some delay. The tinplate industry will conserve on tin by producing a larger percentage of electrolytic. The trend in soldering is to further reduce the tin content of the lead-tin solders.

Straits quality tin for shipment, in cents per pound, was nominally as follows:

	Jan.	Feb.	March
Dec. 21	52.000	52.000	52.000
Dec. 22	52.000	52.000	52.000
Dec. 23	52.000	52.000	52.000
Dec. 25		—Holiday—	
Dec. 26	52.000	52.000	52.000
Dec. 27	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125¢ per pound.

Quicksilver

Prices for quicksilver continued to rise almost daily during the last week, owing to the growing scarcity of "free" spot and nearby metal. Most operators look for a sustained high rate of consumption for the first quarter of 1945. As the week opened, it was reported that metal sold in New York at prices ranging from $130 to $135 per flask, prompt and nearby delivery. By Tuesday (Dec. 26) most sellers viewed $140 as inside, with scattered business at that level. As the week ended, quotations ranged from $140 to $145 per flask.

The range of prices in the New York market for the week ended yesterday follows:

	Per Flask
Dec. 21	$130 @ $135
Dec. 22	$135 @ $140
Dec. 23	$135 @ $140
Dec. 25	—Holiday—
Dec. 26	$140 @ $145
Dec. 27	$140 @ $145

Uncertainty over the quantity of quicksilver that will be absorbed under the war production program has created widespread confusion in market circles. Some observers feel that the quantity needed will be sufficient to tax the capacity of the domestic industry, despite supplies available from Metals Reserve, but others maintain that such estimates are altogether too high. The October statistics of the Bureau of Mines placed domestic consumption at 3,900 flasks, which compares with a low for the year of 3,000 flasks in July.

Silver

President Roosevelt signed the measure extending the Green Act to Dec. 31, 1945. Government-owned silver is released under this regulation for war and essential uses.

The London market for silver was quiet and unchanged last week at 23½d.

The New York Official for foreign silver continued at 44¾¢, with domestic metal at 70⅝¢.

Weekly Coal and Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Dec. 23, 1944, was estimated at approximately 10,800,000 net tons, an increase of 790,000 tons, or 7.9%, over the preceding week. Soft coal output in the corresponding week in 1943 totaled 9,875,000 tons. During the calendar year through Dec. 23, 1944, bituminous coal production amounted to 609,505,000 net tons, an increase of 5.1% over the output of 579,730,000 tons in the corresponding period in 1943.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended Dec. 23, 1944, was estimated at 1,128,000 tons, a decrease of 41,000 tons (3.5%) from the preceding year. When compared with the output in the corresponding week of 1943, there was an increase of 194,000 tons, or 20.8%. The calendar year to Dec. 23, 1944, shows an increase of 6.5% when compared with the corresponding period of 1943.

The estimated production of beehive coke in the United States for the week ended Dec. 23, 1944, showed an increase of 13,200 tons when compared with the output for the week ended Dec. 16, 1944; but was 53,200 tons less than for the corresponding week of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

Bituminous coal and lignite—	Week Ended— Dec. 23, 1944	*Dec. 16, 1944	Dec. 25, 1943	January 1 to Date— †Dec. 23, 1944	Dec. 25, 1943	Dec. 25, 1937
Total, incl. mine fuel	10,800,000	10,010,000	9,875,000	609,505,000	579,730,000	439,355,000
Daily average	1,800,000	1,668,000	1,975,000	2,009,000	1,905,000	1,460,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

Penn. anthracite—	Week Ended— ‡Dec. 23, 1944	§Dec. 16, 1944	Dec. 25, 1943	Calendar Year to Date— Dec. 23, 1944	Dec. 25, 1943	Dec. 25, 1937
*Total incl. coll. fuel	1,128,000	1,169,000	934,000	63,661,000	59,753,000	50,842,000
†Commercial produc.	1,083,000	1,122,000	897,000	61,115,000	57,363,000	48,300,000
Beehive coke—						
United States total	101,200	88,000	154,400	6,953,800	7,808,300	3,143,600

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended— Dec. 16, 1944	Dec. 9, 1944	Dec. 18, 1943	Dec. 18, 1937
Alabama	358,000	359,000	410,000	307,000
Alaska	7,000	7,000	7,000	3,000
Arkansas and Oklahoma	96,000	80,000	98,000	119,000
Colorado	165,000	165,000	208,000	192,000
Georgia and North Carolina	1,000	*	1,000	1,000
Illinois	1,430,000	1,500,000	1,597,000	1,417,000
Indiana	595,000	590,000	557,000	495,000
Iowa	50,000	48,000	55,000	100,000
Kansas and Missouri	168,000	188,000	171,000	183,000
Kentucky—Eastern	873,000	1,050,000	989,000	770,000
Kentucky—Western	358,000	362,000	324,000	262,000
Maryland	22,000	28,000	35,000	35,000
Michigan	2,000	3,000	4,000	12,000
Montana (bitum. & lignite)	116,000	98,000	104,000	69,000
New Mexico	33,000	33,000	38,000	33,000
North & South Dakota (lignite)	72,000	63,000	77,000	69,000
Ohio	450,000	672,000	641,000	555,000
Pennsylvania (bituminous)	2,285,000	2,762,000	3,074,000	1,661,000
Tennessee	116,000	138,000	159,000	108,000
Texas (bituminous & lignite)	3,000	4,000	5,000	20,000
Utah	142,000	152,000	114,000	89,000
Virginia	280,000	375,000	405,000	272,000
Washington	32,000	32,000	36,000	38,000
†West Virginia—Southern	1,398,000	2,078,000	2,317,000	1,619,000
‡West Virginia—Northern	702,000	933,000	1,076,000	568,000
Wyoming	205,000	210,000	201,000	142,000
§Other Western States	1,000	*	1,000	*
Total bituminous & lignite	10,010,000	11,930,000	12,702,000	9,139,000
Pennsylvania anthracite	1,169,000	1,140,000	1,135,000	1,216,000
Total, all coal	11,179,000	13,070,000	13,837,000	10,355,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Changes in Holdings of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The New York Stock Exchange issued on Dec. 15 the following tabulation of companies which have reported changes in the amount of stock held as heretofore reported by the Department of Stock List:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Adams Express Company, The, common	1,111,614	1,113,414	
American Locomotive Company, 7% cum. preferred	13,700	19,700	
Associates Investment Company, common	45,323	45,373	
Atlas Corporation, common	75,196	77,206	
Barker Bros., 5½% preferred	15,060	14,880	
Copperweld Steel Company, preferred 5% series	10,389	11,449	(1)
Crucible Steel Company of America, 5% cum. preferred	4,200	None	
Curtis Publishing Company, The, $7 preferred	4	241	(2)
Dixie Cup Company, common	None	10,000	
General Motors Corporation, common	69,600	78,500	
Gimbel Brothers, $6 cum. preferred	12,011	12,811	
Goodyear Tire & Rubber Co., The, $5 conv. preferred	8,417	6,865	
International Minerals & Chemical Corp., common	134,729	133,529	
Johnson & Johnson, common	42,767	41,899	(3)
Preferred	1,919	1,888	(3)
National Cylinder Gas Company, common	1,939	5,539	
National Department Stores Corp., preferred	12,673	13,548	
Newport News Shipbuilding and Dry Dock Company— $5 cumulative convertible preferred	36,300	36,700	
Norfolk and Western Railway Company, adj. preferred	9,807	9,887	
Petroleum Corporation of America, capital	4,800	6,300	
Plymouth Oil Company, common	1,499	1,699	
Safeway Stores, 5 cumulative preferred	98	100	
Sinclair Oil Corporation, common	954,127	954,130	
Texas Company, The, capital	819,719	814,211	(4)
Transamerica Corporation, capital	1,260,059	1,262,545	
United Merchants & Manufacturers, Inc., 5% cum. pfd.	3,275	3,305	
United States Rubber Company, common	10	14	
Wilson & Co., $6 preferred	3,125	3,425	

NOTES

(1) Acquired during the months of August, September, October and November, 1944.

(2) 237 shares acquired in the past year.

(3) Decrease represents shares delivered under the Employees Extra Compensation Plan.

(4) Acquired 56 shares and transferred 5,564 shares from Treasury Stock to the stockholders of the Marvel Oil Company in connection with the acquisition of all stock of said company.

The New York Curb Exchange made available on Dec. 23 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
Aluminum Industries, Inc., common	945	2,245
American Cities Pw. & Lt. Corp., conv. A opt. div. ser.	3,600	800
American General Corp., common	385,512	395,587
Charis Corp., common	8,410	8,510
Crown Central Petroleum Corp., common	601	602
Detroit Gasket & Mfg. Co., 6% preferred	10,766	10,966
Duro Test Corp., common	None	20,000
Equity Corp., $3 convertible preferred	60,373	73,177
Esquire, Inc., capital	51,863	52,463
Lane Bryant, Inc., 7% preferred	330	None
Mangel Stores Corp., $5 convertible preferred	4,008	4,148
New Process Co., common	132	127
Ogden Corp., common	459	462
Trunz, Inc., common	19,790	19,795
United Cigar-Whelan Stores Corp., common	12,267	12,278
United Wallpaper, Inc., common	17,000	3,100
Utility Equities Corp., $5.50 div. pr. stock	12,450	12,650

Electric Output for Week Ended Dec. 23, 1944

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Dec. 23, 1944, was approximately 4,616,975,000 kwh., which compares with 4,295,010,000 kwh. in the corresponding week in 1943 (which contained the Christmas holiday) and 4,563,079,000 kwh. in the week ended Dec. 16, 1944. The output of the week ended Dec. 16, 1944, was 1.1% below that in the same period in 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Dec. 16	Dec. 9	Dec. 2	Nov. 25
New England	1.3	0.8	1.8	1.7
Middle Atlantic	*4.0	*4.6	*3.7	*4.6
Central Industrial	1.6	2.3	2.5	1.6
West Central	9.4	7.5	5.1	7.1
Southern States	2.0	2.4	2.3	2.9
Rocky Mountain	*10.4	*8.0	*10.9	*10.5
Pacific Coast	*4.6	*2.9	*4.0	*2.5
Total United States	*1.1	*0.6	*0.8	*0.8

*Decrease under similar week in 1943.

Note—Because the same week in 1943 contained the Christmas holiday, no percentage comparisons are available.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Sept. 2	4,414,735	4,350,511	+ 1.5	3,672,921	1,423,977	1,674,588
Sept. 9	4,227,900	4,229,262	— 0.0	3,583,408	1,476,442	1,806,259
Sept. 16	4,394,839	4,358,512	+ 0.8	3,756,922	1,490,863	1,792,131
Sept. 23	4,377,339	4,359,610	+ 0.4	3,720,254	1,499,459	1,777,854
Sept. 30	4,365,907	4,359,003	+ 0.2	3,682,794	1,505,219	1,819,276
Oct. 7	4,375,079	4,341,754	+ 0.8	3,702,299	1,507,503	1,806,403
Oct. 14	4,354,575	4,382,260	— 0.6	3,717,360	1,528,145	1,798,633
Oct. 21	4,345,352	4,415,405	— 1.6	3,752,571	1,533,028	1,824,160
Oct. 28	4,358,293	4,452,592	— 2.1	3,774,891	1,525,410	1,815,749
Nov. 4	4,354,939	4,413,863	— 1.3	3,761,961	1,520,730	1,798,164
Nov. 11	4,396,595	4,482,665	— 1.9	3,775,878	1,531,584	1,793,584
Nov. 18	4,450,047	4,513,299	— 1.4	3,795,361	1,475,268	1,818,169
Nov. 25	4,368,519	4,403,342	— 0.8	3,766,381	1,510,337	1,718,002
Dec. 2	4,524,257	4,560,158	— 0.8	3.883,534	1,518,922	1,806.225
Dec. 9	4,538,012	4,566,905	— 0.6	3,937,524	1,563,384	1,840,863
Dec. 16	4,563,079	4,612,994	— 1.1	3,975,873	1,554,473	1,860,021
Dec. 23	4,616,975	4,295,010	--	3,655,926	1,414,710	1,637,683
Dec. 30		4,337,387		3,779,993	1,619,265	1,542,000

Civil Engineering Construction $23,150,000 For Holiday-Shortened Week

Civil engineering construction volume for the short week due to the Christmas Holiday totals $23,150,000. This volume for continental United States, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 18% under the corresponding 1943 week, 1% below the previous four-week moving average, but exceeds the $20,225,000 reported to "Engineering News Record" for the preceding week. The report made public on Dec. 18, added:

Private construction is 48% lower than in the 1943 week, and public construction is down 7% due to the 20% decrease in federal volume. State and municipal construction for the week tops the week last year by 200%.

The current week's construction brings 1944 volume to $1,729,753,000 for the 52 weeks, a decrease of 43½% from the $3,061,844,000 reported for the year 1943. Private construction, $363,624,000, is 26% under a year ago, and public construction, $1,366,129,000, is down 47% as a result of the 53% drop in federal volume. State and municipal construction, $247,516,000, gains 26% over last year.

Civil engineering construction volumes for the short 1943 week last week, and the short current week are:

	Dec. 30, 1943 (four days)	Dec. 21, 1944 (five days)	Dec. 28, 1944 (four days)
Total U. S. Construction	$28,180,000	$20,225,000	$23,150,000
Private Construction	7,255,000	6,177,000	3,746,000
Public Construction	20,925,000	14,048,000	19,404,000
State and Municipal	1,251,000	7,377,000	3,745,000
Federal	19,674,000	6,671,000	15,659,000

In the classified construction groups, gains over last week are in public buildings, and unclassified construction. Increases over the 1943 week are in public buildings, and streets and roads. Subtotals for the week in each class of construction are: waterworks, $55,000; sewerage, $133,000; bridges, $60,000; industrial buildings, $1,532,000; commercial building and large-scale private housing, $2,000,000; public buildings, $14,002,000; earthwork and drainage, $92,000; streets and roads, $3,139,000; and unclassified construction, $2,137,000.

New capital for construction purposes for the week totals $16,838,000. It is made up of $14,338,000 in state and municipal bond sales, and $2,500,000 in corporate security issues. New construction financing for the year 1944, $1,713,941,000, is 44% below the $3,073,080,000 reported in 1943.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Dec. 27 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Dec. 9, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Dec. 9 (in round-lot transactions) totaled 2,746,128 shares, which amount was 15.62% of the total transactions on the Exchange of 8,787,470 shares. This compares with member trading during the week ended Dec. 2 of 1,870,631 shares, or 16.28% of the total trading of 5,746,980 shares. On the New York Curb Exchange, member trading during the week ended Dec. 9 amounted to 529,550 shares, or 12.94% of the total volume on that exchange of 2,046,270 shares; during the Dec. 2 week trading for the account of Curb members of 462,215 shares was 13.83% of total trading of 1,670,955 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED DEC. 9, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	241,320	
‡Other sales	8,546,150	
Total sales	8,787,470	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stock in which they are registered—		
Total purchases	659,860	
Short sales	71,290	
‡Other sales	585,160	
Total sales	656,450	7.49
2. Other transactions initiated on the floor—		
Total purchases	387,290	
Short sales	24,100	
‡Other sales	344,580	
Total sales	368,680	4.30
3. Other transactions initiated off the floor—		
Total purchases	290,465	
Short sales	78,720	
‡Other sales	304,663	
Total sales	383,383	3.83
4. Total—		
Total purchases	1,337,615	
Short sales	174,110	
‡Other sales	1,234,403	
Total sales	1,408,513	15.62

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED DEC. 9, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	18,920	
‡Other sales	2,027,350	
Total sales	2,046,270	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	152,445	
Short sales	10,280	
‡Other sales	141,370	
Total sales	151,650	7.43
2. Other transactions initiated on the floor—		
Total purchases	62,575	
Short sales	2,300	
‡Other sales	57,075	
Total sales	59,375	2.98
3. Other transactions initiated off the floor—		
Total purchases	38,675	
Short sales	900	
‡Other sales	63,930	
Total sales	64,830	2.53
4. Total—		
Total purchases	253,695	
Short sales	13,480	
‡Other sales	262,375	
Total sales	275,855	12.94
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	78,008	
Total purchases	78,008	
Total sales	50,753	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Dec. 27 a summary for the week ended Dec. 16 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Dec. 16, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	26,950
Number of shares	814,890
Dollar value	$33,348,977
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	403
*Customers other sales	30,430
Customers' total sales	30,833
Number of Shares:	
Customers' short sales	13,882
*Customers' other sales	819,230
Customers' total sales	833,112
Dollar value	$28,413,392
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	20
†Other sales	240,590
Total sales	240,610
Round-Lot Purchases by Dealers:	
Number of shares	240,880

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Congress Passed High Percentage of Bills

The 78th Congress set a new record low mark for the volume of legislation considered, but also enacted a high proportion, it was noted in Associated Press advices from Washington, December 24, according to which William J. McDermott, chief House bill clerk, said that the late Congress enacted one out of every eight bills introduced, compared to one out of nine for the 77th Congress. From the Associated Press we also quote:

"There were 6,635 bills introduced in the House and 2,217 in the Senate, 989 of them now being laws. One-half were so-called 'private' bills involving individuals' claims against the Government.

"By comparison, the 77th Congress enacted 1,485 public and private laws from some 12,000 introduced.

"For the past 25 years, Mr. McDermott said, the average number of bills considered at each session was above 15,000. The 61st Congress of 1909 and 1910 set the high record with 35,000 bills.

"The highest average for bills enacted was in the 59th Congress, when 6,940 out of the 30,000 were made law. The lowest was the 65th Congress, which enacted 508 out of 16,239 offered in the House alone."

Bonnet French Ambassador Since Liberation of Country

Henri Bonnet, the first Ambassador of France to the United States to Washington since her liberation, has assumed his duties at Washington, according to Associated Press Washington accounts on Dec. 25, which added:

French affairs here were prepreviously in charge of Henri Etienne Hoppenot, chairman of the French delegation, who departed several days ago.

M. Bonnet is not related to the former Ambassador and Finance Minister Georges Bonnet.

Daily Average Crude Oil Production for Week Ended Dec. 23, 1944, Increased 33,500 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Dec. 23, 1944, was 4,729,100 barrels, an increase of 33,500 barrels over the preceding week and a gain of 366,600 barrels per day over the corresponding week in 1943. The current figure was also 7,000 barrels in excess of the daily average figure recommended by the Petroleum Administrator for War for the month of December, 1944. Daily output for the four weeks ended Dec. 23, 1944, averaged 4,710,500 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,682,000 barrels of crude oil daily and produced 14,635,000 barrels of gasoline; 1,477,000 barrels of kerosine; 4,605,000 barrels of distillate fuel, and 8,798,000 barrels of residual fuel oil during the week ended Dec. 23, 1944; and had in storage at the end of that week, 83,365,000 barrels of gasoline; 11,973,000 barrels of kerosine, 40,846,000 barrels of distillate fuel, and 58,509,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations December	*State Allowables begin. Dec. 1	Actual Production Week Ended Dec. 23, 1944	Change from Previous Week	4 Weeks Ended Dec. 23, 1944	Week Ended Dec. 25, 1943
Oklahoma	350,000	356,000	†359,400	+ 1,200	359,450	329,050
Kansas	274,000	269,400	†279,250	+11,950	269,800	269,900
Nebraska	1,200	----	†1,000	— 50	1,050	1,600
Panhandle Texas			88,750	----	90,100	94,400
North Texas			140,600	----	143,250	143,400
West Texas			471,350	----	472,000	354,400
East Central Texas			141,450	----	142,250	126,900
East Texas			371,000	----	370,250	364,300
Southwest Texas			345,450	----	345,850	290,800
Coastal Texas			552,950	----	553,050	520,500
Total Texas	2,153,000	‡2,134,978	2,111,550	----	2,116,750	1,894,700
North Louisiana			71,450	+ 200	71,550	78,050
Coastal Louisiana			289,600	----	290,050	275,500
Total Louisiana	350,000	395,000	361,050	+ 200	361,600	353,550
Arkansas	78,000	79,975	80,550	— 350	80,550	79,200
Mississippi	53,000		52,050	— 50	50,250	47,450
Alabama	----		200	— 50	250	----
Florida	----		50	----	50	----
Illinois	200,000		204,750	+ 9,150	199,350	213,550
Indiana	13,000		12,900	+ 1,350	12,800	13,250
Eastern— (Not incl. Ill., Ind., Ky.)	69,400		62,950	+ 3,350	63,400	68,700
Kentucky	30,000		33,250	+ 3,900	31,050	22,000
Michigan	47,000		47,200	— 5,450	50,100	50,800
Wyoming	100,000		98,350	+ 2,400	96,450	86,100
Montana	23,000		21,300	----	21,300	20,350
Colorado	9,500		9,600	+ 750	8,850	6,900
New Mexico	106,000	106,000	103,200	----	104,050	112,900
Total East of Calif.	3,837,100		3,838,600	+28,300	3,827,100	3,570,000
California	885,000	§885,000	890,500	+ 5,200	883,400	792,500
Total United States	4,722,100		4,729,100	+33,500	4,710,500	4,362,500

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Dec. 21, 1944.

‡This is the net basic allowable as of Dec. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 15 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED DEC. 23, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
East Coast	729	100.0	687	94.2	1,751	12,543	10,899	7,577
Appalachian—								
District No. 1	130	83.9	98	75.4	278	2,580	517	359
District No. 2	47	87.2	58	123.4	164	1,705	211	204
Ind., Ill., Ky.	824	85.2	802	97.3	3,000	17,706	6,377	3,264
Okla., Kans., Mo.	418	80.2	371	88.8	1,440	7,975	2,299	1,526
Inland Texas	278	66.9	232	83.5	902	2,779	393	624
Texas Gulf Coast	1,165	90.5	1,147	98.5	3,373	14,840	6,718	9,120
Louisiana Gulf Coast	242	95.5	262	108.3	793	4,358	1,777	1,172
No. La. & Arkansas	104	68.0	69	66.3	193	2,401	563	227
Rocky Mountain—								
District No. 3	13	17.0	10	76.9	35	69	19	31
District No. 4	141	58.3	110	78.0	394	1,614	353	503
California	817	89.9	836	102.3	2,312	14,795	10,720	33,902
Total U. S. B. of M. basis Dec. 23, 1944	4,908	87.2	4,682	95.4	14,635	*83,365	40,846	58,509
Total U. S. B. of M. basis Dec. 16, 1944	4,908	87.2	4,537	92.4	14,145	82,747	42,413	59,280
U. S. Bur. of Mines basis Dec. 25, 1943			4,204		12,576	73,019	43,033	57,036

*Composed of 12,918,000 barrels of unfinished, 42,135,000 barrels civilian-grade automotive and 28,312,000 barrels aviation, military, solvents and naphthas and gasoline blending stocks currently indeterminate as to ultimate use. Comparable week of 1943: 10,027,000; 40,564,000 and 22,428,000, respectively. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,477,000 barrels of kerosine, 4,605,000 barrels of gas oil and distillate fuel oil and 8,798,000 barrels of residual fuel oil produced during the week ended Dec. 23, 1944, which compares with 1,420,000 barrels, 4,353,000 barrels and 8,727,000 barrels, respectively, in the preceding week and 1,500,000 barrels, 4,411,000 barrels and 8,697,000 barrels, respectively, in the week ended Dec. 25, 1943.

Note—Stocks of kerosine at Dec. 23, 1944, amounted to 11,973,000 barrels, as against 12,400,000 barrels a week earlier and 9,933,000 barrels a year before.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†

(Based on Average Yields)

1944-45— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jan. 2, 1945	120.55	113.50	119.00	117.80	113.31	104.48	108.52	113.89	118.20
1	Stock Exchange Closed								
Dec. 30, 1944	120.55	113.50	119.00	117.80	113.31	104.48	108.70	113.70	118.20
29	120.55	113.50	119.00	117.80	113.31	104.48	106.70	113.70	118.20
28	120.51	113.50	119.00	117.80	113.50	104.31	108.70	113.70	118.20
27	120.58	113.31	118.80	117.80	113.31	104.48	108.52	113.70	118.20
26	120.58	113.50	119.00	117.80	113.31	104.48	108.70	113.70	118.20
25	Stock Exchange Closed								
23	120.55	113.50	119.00	117.80	113.31	104.48	108.70	113.89	118.20
22	120.55	113.50	119.00	117.80	113.31	104.48	108.70	113.89	118.00
21	120.44	113.50	119.00	117.80	113.31	104.48	108.70	113.89	118.00
20	120.30	113.50	118.80	117.80	113.50	104.48	108.70	113.70	118.00
19	120.30	113.50	118.80	118.00	113.70	104.48	108.70	113.89	118.20
18	120.30	113.50	119.00	118.00	113.50	104.48	108.70	113.89	118.20
16	120.23	113.50	119.00	117.80	113.50	104.48	108.70	113.89	118.00
15	120.17	113.50	119.00	117.80	113.50	104.48	108.70	113.89	118.00
14	120.12	113.50	119.00	117.80	113.50	104.48	108.70	113.89	118.20
13	120.12	113.31	119.00	117.80	113.31	104.31	108.52	113.70	118.20
12	120.12	113.50	119.20	117.80	113.50	104.31	108.52	113.89	118.20
11	120.12	113.31	119.00	117.80	113.50	104.14	108.52	113.70	118.20
9	120.09	113.31	119.00	117.80	113.31	104.14	108.34	113.70	118.20
8	120.09	113.31	119.00	117.80	113.31	104.14	108.34	113.70	118.20
7	120.12	113.31	118.80	118.00	113.31	104.14	108.34	113.70	118.20
6	120.09	113.31	118.80	118.00	113.31	104.14	108.34	113.89	118.00
5	120.03	113.31	118.80	117.80	113.31	104.14	108.34	113.89	118.00
4	120.00	113.31	118.80	117.80	113.31	104.14	108.16	113.89	118.00
2	119.97	113.31	118.80	117.80	113.50	104.14	108.16	113.89	118.00
1	119.95	113.31	118.80	117.80	113.50	104.14	108.34	113.89	118.20
Nov. 24	119.93	112.93	118.60	117.20	113.12	103.80	107.98	113.50	117.80
17	119.97	112.93	118.60	117.20	113.12	103.64	107.80	113.50	117.60
10	119.77	112.75	118.40	117.00	112.93	103.30	107.62	113.31	117.40
3	119.55	112.75	118.40	116.80	112.93	103.47	107.62	113.31	117.20
Oct. 27	119.33	112.56	118.40	116.61	112.93	103.47	107.62	113.50	117.20
20	119.55	112.75	118.60	116.80	112.93	103.64	107.44	113.50	117.40
13	119.61	112.75	118.60	117.00	112.93	103.47	107.27	114.08	117.20
6	119.52	112.75	118.60	117.00	112.75	103.30	106.92	114.08	117.20
Sep. 29	119.50	112.56	118.60	116.80	112.56	103.13	106.74	114.08	117.00
22	119.22	112.56	118.60	117.20	112.37	103.13	106.74	114.08	117.20
15	119.42	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.20
8	119.48	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.00
1	119.81	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.20
Aug. 25	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
July 28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944	120.58	113.50	119.20	118.00	113.70	104.48	108.70	114.27	118.20
Low 1944	119.20	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year Ago									
Dec. 31, 1943	119.48	110.88	118.40	116.22	110.88	99.20	103.30	113.31	116.22
2 Years Ago									
Jan. 2, 1943	116.85	107.44	117.00	113.89	109.06	92.35	97.16	111.81	114.46

MOODY'S BOND YIELD AVERAGES

(Based on Individual Closing Prices)

1944-45— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jan. 2, 1945	1.80	2.98	2.70	2.76	2.99	3.48	3.25	2.96	2.74
1	Stock Exchange Closed								
Dec. 30, 1944	1.80	2.98	2.70	2.76	2.99	3.48	3.24	2.97	2.74
29	1.80	2.98	2.70	2.76	2.99	3.48	3.24	2.97	2.74
28	1.80	2.98	2.70	2.76	2.98	3.49	3.24	2.97	2.74
27	1.79	2.99	2.71	2.76	2.99	3.48	3.25	2.97	2.74
26	1.79	2.98	2.70	2.76	2.99	3.48	3.24	2.97	2.74
25	Stock Exchange Closed								
23	1.80	2.98	2.70	2.76	2.99	3.48	3.24	2.96	2.74
22	1.80	2.98	2.70	2.76	2.99	3.48	3.24	2.96	2.75
21	1.80	2.98	2.70	2.76	2.99	3.48	3.24	2.96	2.75
20	1.81	2.98	2.71	2.76	2.98	3.48	3.24	2.97	2.75
19	1.81	2.93	2.71	2.75	2.97	3.48	3.24	2.96	2.74
18	1.81	2.98	2.70	2.75	2.98	3.48	3.24	2.96	2.74
16	1.82	2.98	2.70	2.76	2.98	3.48	3.24	2.96	2.75
15	1.82	2.98	2.70	2.76	2.98	3.48	3.24	2.96	2.75
14	1.83	2.98	2.70	2.76	2.98	3.48	3.24	2.96	2.74
13	1.83	2.99	2.70	2.76	2.99	3.49	3.25	2.97	2.74
12	1.83	2.98	2.69	2.76	2.98	3.49	3.25	2.96	2.74
11	1.83	2.99	2.70	2.76	2.98	3.50	3.25	2.97	2.74
9	1.83	2.99	2.70	2.76	2.99	3.50	3.26	2.97	2.74
8	1.83	2.99	2.70	2.76	2.99	3.50	3.26	2.97	2.74
7	1.83	2.99	2.71	2.75	2.99	3.50	3.26	2.97	2.74
6	1.83	2.99	2.71	2.75	2.99	3.50	3.26	2.96	2.75
5	1.83	2.99	2.71	2.76	2.99	3.50	3.26	2.96	2.75
4	1.84	2.99	2.71	2.76	2.99	3.50	3.27	2.96	2.75
2	1.84	2.99	2.71	2.76	2.98	3.50	3.27	2.96	2.75
1	1.84	2.99	2.71	2.76	2.98	3.50	3.26	2.96	2.74
Nov. 24	1.84	3.01	2.72	2.79	3.00	3.52	3.28	2.98	2.76
17	1.84	3.01	2.72	2.79	3.00	3.53	3.29	2.98	2.77
10	1.86	3.02	2.73	2.80	3.01	3.55	3.30	2.99	2.78
3	1.87	3.02	2.73	2.81	3.01	3.54	3.30	2.99	2.79
Oct. 27	1.89	3.03	2.73	2.82	3.01	3.54	3.30	2.98	2.79
20	1.86	3.02	2.72	2.81	3.01	3.53	3.31	2.98	2.78
13	1.85	3.02	2.72	2.80	3.01	3.54	3.32	2.95	2.79
6	1.85	3.02	2.72	2.80	3.02	3.55	3.34	2.95	2.79
Sep. 29	1.84	3.03	2.72	2.81	3.03	3.56	3.35	2.95	2.80
22	1.86	3.03	2.72	2.79	3.04	3.56	3.35	2.95	2.79
15	1.83	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.79
8	1.84	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.80
1	1.81	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.79
Aug. 25	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	2.98	2.69	2.75	2.97	3.48	3.24	2.94	2.74
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago									
Dec. 31, 1943	1.87	3.12	2.73	2.84	3.12	3.80	3.55	2.99	2.84
2 Years Ago									
Jan. 2, 1943	2.08	3.31	2.80	2.96	3.22	4.25	3.93	3.07	2.93

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

From Washington Ahead of The News

(Continued from first page)

have a lot of money and there were less things for them to spend this money on. While our heroic Government was fighting a war on two fronts, here comes the ugly spectacle of inflation. You can imagine what fellows like Jimmy and the others were up against. They had to fight on all sides, so to speak. But they did it successfully, and inasmuch as Congress, which has been around here all the time, doesn't know about any of this, and wants a report, Jimmy tells them.

The war is not won yet, we are told. Over-confidence has been an ailment of ours.

Says Jimmy:

"We cannot be complacent yet. We must man our war plants to the fullest extent necessary to meet the requirements of our military leaders. We must do this in the face of a further withdrawal from our available manpower supply to provide replacements for the army and to build the navy up the strength that it requires to man its ships."

Notwithstanding that the report encompasses one of the most heroic periods of our history and is quite comprehensive, it is not quite so comprehensive as to tell how Jimmy sought the Vice-Presidential nomination and was knocked off, and how he subsequently aspired to be Secretary of State. These are all a part of America at war, and Jimmy's report is a report on that.

It does, however, represent Jimmy as having no apprehensions over our ability to handle our problems, which should be a Happy New Year to one and all, including Tiny Tim and Little Nell. However, like everybody else in official Washington and a lot of others elsewhere, he feels that we must keep price controls after the war, and we can't do anything about tax reduction until after the war with Japan, except that there should be these revisions after the European war: accelerated depreciation, immediate availability of post-war refund bonds, increasing the specific exemption for excess profits tax purposes from $10,000 to $25,000.

This, of course, makes him a Rightist, and a target in the great ideological conflict which is continually going on in Washington.

We were studying his lengthy report when a news broadcaster attracted our attention.

"Director of War Mobilization and Reconversion Byrnes," said the broadcaster, "tonight warned that this is no time to talk of reconversion."

That's all he said. We really think, though, that the concrete accomplishment which he had to report to Congress, and which could have been done in a paragraph or two, instead of 100 single-spaced mimeographed pages, was that he had asked the race tracks to close, and also asked the Selective Service officials how about those boys who can play football but can't pass the army tests.

And our overall thought on the very interesting document is why the youngster who wrote it, at $9,000 a year, is not himself in the armed forces

Moody's Daily Commodity Index

Tuesday, Dec. 26, 1944	254.0
Wednesday, Dec. 27	254.0
Thursday, Dec. 28	254.1
Friday, Dec. 29	254.1
Saturday Dec. 30	254.4
Monday, Jan. 1, 1945	*
Tuesday Jan. 2	254.8
Two weeks ago, Dec. 19	252.5
Month ago, Dec. 2	248.2
Year ago, Jan. 3, 1944	247.5
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Dec. 31	254.4
Low, Nov. 1	245.7

*Holiday.

Revenue Freight Car Loadings During Week Ended Dec. 23, 1944 Increased 12,566 Cars

Loading of revenue freight for the week ended Dec. 23, 1944, totaled 762,449 cars, the Association of American Railroads announced on December 30. This was an increase above the corresponding week of 1943 of 121,413 cars, or 18.9%, and an increase above the same week in 1942 of 170,978 cars or 28.9%. Both 1943 and 1942 included Christmas holiday.

Loading of revenue freight for the week of Dec. 23, increased 12,566 cars, or 1.7% above the preceding week.

Miscellaneous freight loading totaled 375,879 cars, a decrease of 1,502 cars below the preceding week, but an increase of 71,019 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 100 620 cars, a decrease of 1,438 cars below the preceding week, but an increase of 16,076 cars above the corresponding week in 1943.

Coal loading amounted to 157,227 cars, an increase of 14,364 cars above the preceding week, and an increase of 20,410 cars above the corresponding week in 1943.

Grain and grain products loading totaled 46,088 cars, an increase of 1,410 cars above the preceding week and an increase of 4,358 cars above the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Dec. 23, totaled 32,065 cars, an increase of 722 cars above the preceding week and an increase of 3,458 cars above the corresponding week in 1943.

Livestock loading amounted to 15,343 cars, a decrease of 3,891 cars below the preceding week, but an increase of 3,989 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Dec. 23 totaled 10,978 cars, a decrease of 3 650 cars below the preceding week, but an increase of 2,897 cars above the corresponding week in 1943.

Forest products loading totaled 41,536 cars, an increase of 2,127 cars above the preceding week and an increase of 4,634 cars above the corresponding week in 1943.

Ore loading amounted to 12,036 cars, an increase of 921 cars above the preceding week and an increase of 637 cars above the corresponding week in 1943.

Coke loading amounted to 13,720 cars, an increase of 575 cars above the preceding week, and an increase of 290 cars above the corresponding week in 1943.

All districts reported increases compared with the corresponding weeks in 1943, and 1942, both of which included Christmas holiday.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
5 weeks of June	4,343,193	4,003,393	4,139,395
4 weeks of July	3,463,512	3,455,328	3,431,395
4 weeks of August	3,579,800	3,554,694	3,487,905
5 weeks of September	4,428,427	4,456,466	4,410,669
4 Weeks of October	3,598,979	3,607,851	3,604,323
4 Weeks of November	3,365,925	3,304,830	3,236,584
Week of December 2	808,260	862,733	759,731
Week of December 9	793,554	823,311	744,183
Week of December 16	749,883	758,881	743,081
Week of December 23	762,449	641,036	591,471
Total	43,499,983	42,417,680	42,826,463

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Dec. 23, 1944. During the period 113 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED DEC. 23

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	299	195	243	1,476	1,329
Bangor & Aroostook	2,458	1,753	1,260	490	220
Boston & Maine	6,514	5,511	4,333	14,168	13,164
Chicago, Indianapolis & Louisville	1,272	1,280	1,158	1,978	2,085
Central Indiana	31	26	21	55	42
Central Vermont	1,025	957	720	1,998	2,246
Delaware & Hudson	4,834	4,674	4,600	12,549	12,451
Delaware, Lackawanna & Western	7,521	6,113	5,327	9,970	10,737
Detroit & Mackinac	172	116	215	111	93
Detroit, Toledo & Ironton	1,507	1,870	1,308	1,635	1,893
Detroit & Toledo Shore Line	325	267	215	2,892	3,430
Erie	11,876	10,115	9,122	17,579	17,803
Grand Trunk Western	3,651	3,471	3,020	8,227	9,268
Lehigh & Hudson River	169	167	129	2,450	2,187
Lehigh & New England	1,764	1,518	1,187	1,094	1,378
Lehigh Valley	7,818	6,831	5,891	11,736	13,561
Maine Central	2,443	1,873	1,616	4,113	3,380
Monongahela	5,384	4,828	4,511	354	385
Montour	2,210	1,711	1,701	16	29
New York Central Lines	44,724	37,555	34,114	51,533	53,356
N. Y., N. H. & Hartford	8,837	7,691	6,404	17,163	17,003
New York, Ontario & Western	929	892	1,021	3,027	2,535
New York, Chicago & St. Louis	6,409	5,445	5,646	15,304	15,148
N. Y., Susquehanna & Western	530	457	514	2,223	2,322
Pittsburgh & Lake Erie	7,459	6,543	6,308	7,189	6,918
Pere Marquette	4,573	3,845	4,215	7,409	8,135
Pittsburg & Shawmut	719	727	555	4	15
Pittsburg, Shawmut & North	235	245	223	265	228
Pittsburgh & West Virginia	818	894	664	2,378	2,268
Rutland	328	263	221	880	891
Wabash	5,765	4,994	4,257	12,940	11,469
Wheeling & Lake Erie	4,713	3,715	4,030	4,146	4,206
Total	147,322	126,545	114,749	217,352	220,175
Allegheny District—					
Akron, Canton & Youngstown	746	638	579	1,307	1,107
Baltimore & Ohio	41,022	31,384	27,990	26,781	23,823
Bessemer & Lake Erie	2,153	2,099	2,489	1,485	1,197
Buffalo Creek & Gauley	†	268	252	†	3
Cambria & Indiana	1,508	1,298	1,333	9	1
Central R. R. of New Jersey	6,032	5,463	4,894	18,339	17,488
Cornwall	423	486	341	50	53
Cumberland & Pennsylvania	153	172	182	8	8
Ligonier Valley	75	114	92	28	24
Long Island	1,199	1,011	821	3,373	2,770
Penn-Reading Seashore Lines	1,640	1,334	1,151	2,310	2,135
Pennsylvania System	74,018	63,473	55,073	59,832	60,382
Reading Co.	13,979	12,093	9,557	26,833	23,403
Union (Pittsburgh)	17,713	18,753	19,557	3,007	3,893
Western Maryland	3,574	3,255	2,684	12,549	12,895
Total	164,235	141,841	126,995	155,911	149,182
Pocahontas District—					
Chesapeake & Ohio	24,036	20,554	17,801	11,239	10,794
Norfolk & Western	18,092	15,865	14,232	7,977	7,048
Virginian	3,975	3,258	2,801	2,635	2,033
Total	46,103	39,677	34,834	21,851	19,925
Southern District—					
Alabama, Tennessee & Northern	275	297	224	358	324
Atl. & W. P.—W. R. R. of Ala	728	652	430	3,410	2,255
Atlanta, Birmingham & Coast	722	584	454	1,232	1,239
Atlantic Coast Line	12,685	10,859	10,535	12,778	9,396
Central of Georgia	3,685	3,115	2,663	6,123	4,391
Charleston & Western Carolina	460	305	244	2,008	1,539
Clinchfield	1,502	1,299	1,125	3,159	3,055
Columbus & Greenville	357	200	288	260	200
Durham & Southern	142	110	62	670	596
Florida East Coast	2,700	2,122	1,615	1,502	1,527
Gainesville Midland	56	40	32	112	94
Georgia	1,095	862	923	3,032	2,082
Georgia & Florida	365	315	232	735	553
Gulf, Mobile & Ohio	4,440	3,342	2,708	4,128	3,770
Illinois Central System	26,880	23,427	22,053	16,987	15,882
Louisville & Nashville	23,217	18,979	17,491	11,999	11,184
Macon, Dublin & Savannah	236	177	172	911	779
Mississippi Central	342	277	133	518	503
Nashville, Chattanooga & St. L.	3,039	2,603	2,434	4,595	4,555
Norfolk Southern	950	804	560	1,644	1,869
Piedmont Northern	461	279	258	1,217	1,101
Richmond, Fred. & Potomac	413	301	229	11,106	10,729
Seaboard Air Line	10,090	8,032	8,575	9,324	7,349
Southern System	24,017	19,192	16,857	24,932	24,157
Tennessee Central	631	506	365	787	1,018
Winston-Salem Southbound	171	103	83	1,009	1,082
Total	119,659	98,787	90,745	124,536	111,239
Northwestern District—					
Chicago & North Western	14,675	11,980	11,409	13,354	13,076
Chicago Great Western	2,516	2,327	1,977	3,044	3,621
Chicago, Milw., St. P. & Pac.	21,101	17,059	15,404	12,104	9,489
Chicago, St. Paul, Minn. & Omaha	3,532	3,140	2,976	3,762	3,602
Duluth, Missabe & Iron Range	1,163	974	928	180	198
Duluth, South Shore & Atlantic	607	625	481	524	432
Elgin, Joliet & Eastern	8,617	7,554	7,753	11,962	10,507
Ft. Dodge, Des Moines & South	373	295	323	93	74
Great Northern	12,130	9,470	9,980	5,723	4,008
Green Bay & Western	487	485	341	956	749
Lake Superior & Ishpeming	223	265	162	42	52
Minneapolis & St. Louis	1,985	1,903	1,572	2,391	1,741
Minn., St. Paul & S. S. M.	4,932	4,247	3,973	2,930	2,646
Northern Pacific	10,220	8,900	9,394	5,589	4,309
Spokane International	140	93	86	457	599
Spokane, Portland & Seattle	2,596	2,134	1,539	3,704	2,924
Total	85,306	71,451	68,298	66,815	58,027
Central Western District—					
Atch., Top. & Santa Fe System	25,145	19,819	17,884	13,371	10,999
Alton	3,407	2,723	2,885	4,397	4,042
Bingham & Garfield	447	424	255	73	68
Chicago, Burlington & Quincy	19,850	16,206	15,094	12,831	9,980
Chicago & Illinois Midland	2,926	2,358	2,419	985	1,023
Chicago, Rock Island & Pacific	12,552	9,528	9,665	11,437	10,309
Chicago & Eastern Illinois	2,641	2,200	1,922	4,985	5,973
Colorado & Southern	666	507	587	2,167	2,045
Denver & Rio Grande Western	3,955	3,157	3,221	6,329	6,199
Denver & Salt Lake	*628	618	624	*20	6
Fort Worth & Denver City	823	499	904	1,121	1,257
Illinois Terminal	2,332	1,519	1,189	1,839	1,732
Missouri-Illinois	876	817	887	446	497
Nevada Northern	1,602	1,524	2,176	98	131
North Western Pacific	688	565	513	1,089	644
Peoria & Pekin Union	25	27	9	0	0
Southern Pacific (Pacific)	29,024	22,762	21,731	14,818	13,372
Toledo, Peoria & Western	319	220	356	2,119	1,835
Union Pacific System	16,679	13,283	13,225	16,005	16,387
Utah	531	543	480	1	5
Western Pacific	2,010	1,736	1,910	3,546	3,745
Total	127,126	101,035	96,936	97,677	90,249
Southwestern District—					
Burlington-Rock Island	276	271	209	633	183
Gulf Coast Lines	6,256	4,989	4,908	2,639	2,294
International-Great Northern	2,434	1,740	2,657	3,685	3,146
Kansas, Oklahoma & Gulf	289	300	345	911	1,332
Kansas City Southern	4,963	4,547	4,399	2,833	2,396
Louisiana & Arkansas	3,120	2,890	3,781	2,551	2,676
Litchfield & Madison	281	307	211	1,313	1,277
Midland Valley	714	720	633	507	292
Missouri & Arkansas	175	149	83	513	483
Missouri-Kansas-Texas Lines	6,139	5,078	5,431	5,388	4,487
Missouri Pacific	16,802	14,254	13,139	18,522	15,926
Quanah Acme & Pacific	99	68	72	271	214
St. Louis-San Francisco	9,483	6,924	6,596	8,147	7,772
St. Louis Southwestern	3,635	2,445	2,218	7,118	6,379
Texas & New Orleans	11,878	11,664	10,899	5,714	4,650
Texas & Pacific	6,035	5,282	3,232	7,730	6,354
Wichita Falls & Southern	78	63	95	32	58
Weatherford M. W. & N. W.	41	9	6	33	20
Total	72,698	61,700	58,914	68,540	59,939

*Previous week's figure. †Included in Baltimore & Ohio RR.

Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
October 7	217,096	158,946	541,424	96	94
October 14	139,347	154,719	523,875	96	94
October 21	133,028	156,269	499,929	94	94
October 28	146,003	157,806	486,882	95	94
November 4	207,817	157,644	535,745	96	94
November 11	141,154	158,266	515,738	96	94
November 18	135,644	156,667	494,062	96	94
November 25	110,144	149,062	450,898	91	94
December 2	189,731	154,682	484,811	94	94
December 9	173,669	154,822	501,946	95	94
December 16	137,936	152,695	480,929	94	94
December 23	126,115	149,031	451,891	94	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Adjournment of 78th Congress

The 78th Congress adjourned sine die on Dec. 19, the House concluding its sessions at 6:59 P.M., Eastern Standard Time, while the Senate ended its prolonged wartime session at 8:22 P.M. Reporting the Congressional adjournment, Associated Press advices, as given in the New York "Journal of Commerce," said:

A half-billion-dollar post-war river and harbors bill was killed tonight when the Senate adjourned without reconsidering a controversial report on it.

Stringent opposition against the measure developed from a House-passed rider exempting the $360,000,000 Central Valley project (Calif.) from a 42-year-old reclamation law.

The final days before adjournmest saw an eruption of opposition to six State Department nominations made by the President but the Senate finally confirmed them.

Twice during the two years of almost continuous sessions the President was overidden on vetoes of major legislation. Over his objections the Congress wrote into law the Smith-Connally War Labor Disputes Act and the 1944 Tax Act. The latter measure, a $2,300,000,000 bill which fell far short of Administration hopes, so irritated the President that he wrote Congress a stinging rebuke.

The President fared better on a third major veto, of legislation outlawing the Administration's food subsidy program. The House sustained him in that act.

To finance the nation's biggest war and the stepped-up activities of its home-front agencies, Congress appropriated approximately $182,000,000,000 and boosted the national debt limit to $260,000,000,000 during its two years of work.

To that sum it added $15,000,000,000 this year to rocket the Army's appropriations for the two years to $74,000,000,000. The Navy received approximately $57,000,000,000 during the biennial period, while other agencies described as directly connected with the war were given an estimated $14,000,000,000.

While not a record—the 77th appropriated approximately $204,000,000,000—the funds supplied by the 78th Congress included the biggest single supply bill of all time, a $59,000,000,000 War Department measure passed in 1943.

Despite the huge appropriations, money furnished by Congress dipped downward during the two years, dropping from $115,000,000,000 last year to approximately $67,000,000,000 this year. It was the first sharp curtailment since the war started, and a further drop was sighted for 1945.

Lumber Movement—Week Ended December 23, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 463 mills reporting to the National Lumber Trade Barometer were 6.8% above production for the week Dec. 23, 1944. In the same week new orders of these mills were 0.3% more than production. Unfilled orders files of the reporting mills amounted to 87% of stocks. For reporting softwood mills, unfilled orders are equivalent to 34 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 2.8%; orders by 3.7%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 14.2% greater; shipments were 25.8% greater; and orders were 1.1% greater.

Items About Banks, Trust Companies

(Continued from page 94)

$40,937,297, as compared with $31,467,897 on Sept. 30, last. Capital and surplus showed no change in total at $4,000,000 but undivided profits increased to $1,116,470 after dividend payable Jan. 2, 1945, as against $1,092,384 shown on Sept. 30, 1944.

In the statement of condition of the Guaranty Trust Co. of New York for Dec. 31, 1944, resources at $3,826,161,881.54, deposits at $3,441,036,640.75 and U. S. Government obligations at $2,362,481,367.07 are shown at their highest points in the company's history. The previous high marks were reported June 30, 1944, when resources totaled $3,601,236,269.04, deposits were $3,190,800,362.23, and holdings of U. S. Government obligations were $2,178,737,312.79. Capital and surplus remain unchanged at $90,000,000 and $170,000,000, respectively, and undivided profits of $42,222,570.91 compare with $38,432,083.36, at the time of the last published statement, Sept. 30, 1944, and with $31,391,853.78 on Dec. 31, 1943.

The statement of condition of the Brooklyn Trust Co. as of Dec. 30, 1944, shows total deposits of $227,990,711, compared with $208,135,227 on Sept. 30, last, and $194,151,642 on Dec. 31, 1943. Total resources were $244,554,548 against $224,498,336 on Sept. 30 and $210,007,804 a year ago. Cash on hand and due from banks was $44,044,220 against $41,018,580 on Sept. 30 and $45,374,500 at the end of 1943. Holdings of U. S. Government securities were $152,921,563 against $139,664,785 three months ago and $120,377,755 a year ago. Total loans and bills purchased were $32,378,210 against $27,829,264 and $29,988,299, respectively. Surplus was $5,000,000, unchanged from the Sept. 30 figure, and comparing with $4,750,000 a year before. Undivided profits were $1,477,644 against $1,465,143 on Sept. 30 and $1,452,590 at the end of 1943.

Henry C. Von Elm, Vice-Chairman of the Board of Manufacturers Trust Co., of New York, announces that the bank has leased from the Mutual Life Insurance Company for 30 years the southwest corner of Fifth Avenue and 43rd Street for its Fifth Avenue Office, where a new building for the exclusive use of the bank will be erected by the George A. Fuller Co. from plans prepared by Walker & Gillette, architects. The present structure will be demolished and the new construction will begin as soon as the required building material is available. Negotiations for these new quarters were begun some time ago, before Harvey D. Gibson, President of Manufacturers Trust Company, went to London to take up his post as Commissioner for the American Red Cross in the European Theater of Operations. The new bank will take the place of the Fifth Avenue Office now maintained by Manufacturers Trust Company at the southeast corner of 43rd Street. This office has undergone such rapid growth during the last 10 years that it has become necessary to provide larger quarters to serve adequately its 15,000 depositors and to take care of expanding business.

Henry C. Von Elm, Vice-Chairman of Manufacturers Trust Company of New York announces that at a meeting of the Board of Directors of the company held on Dec. 26, John T. Madden was elected a director. Mr. Madden became President of the Emigrant Industrial Savings Bank of New York on Jan. 1. He has been a Vice-President of Manufacturers Trust Company for some years in charge of its office at Fifth Avenue and 43rd Street, and also had general supervision of its Midtown offices. Mr. Madden has been active in the various War Loan Drives of the Government. He was Chairman of the "Greater New York War Bond Campaign" in 1942 and is a member of the War Finance Committee for New York, as well as of its Executive Committee, and a Director of Manufacturers Safe Deposit Co.

At a meeting of the Board of Directors of the Fulton Trust Company of New York on Dec. 21, Charles S. McVeigh, of the law firm of Morris & McVeigh, was elected a director of the company to fill the vacancy caused by the death of Lewis Spencer Morris. Mr. McVeigh, who is Vice-President of the Post-Graduate Hospital and Trustee of the Josiah Macy Foundation, was associated with the late Mr. Morris as a partner for nearly 30 years. Edmund P. Rogers was elected Chairman of the Board of Directors, filling another vacancy caused by the death of Mr. Morris. Mr. Rogers had been Chairman of the Executive Committee, and had been President of the bank from 1925 to 1934. A quarterly dividend of $1.50 on the capital stock, payable Jan. 2, 1945, to stockholders of record Dec. 26, 1944, was declared by the directors.

Announcement was made by Irving Trust Company on Dec. 28 of the election of Harold G. Brownson, as Vice-President. He will be in charge of the company's office at Forty-second Street and Park Avenue. Mr. Brownson was born in Portland, Ore., and was graduated from Reed College, Portland, in 1923. For several years he was engaged in educational work in cities in Oregon and Washington. In 1932 he entered Harvard Law School, and following his graduation three years later, joined the legal department of the Irving. For the past three years he has been engaged in customer relations activities. He was elected an assistant vice-president in 1943.

Central Hanover Bank and Trust Company of New York announces the election of the following as Vice-Presidents: Evan C. Dresser, of the Personnel Department; T. C. Meeks and J. C. Higbee, of the 35th Street Office; A. E. Peterson, of the Rockefeller Plaza Office; and F. B. Whitlock, of the 34th Street Office. The appointment of the following Assistant Vice-Presidents is also announced: Hoyt Ammidon, of the Personal Trust Department; and F. M. Palmer and A. C. Thompson of the Banking Department.

The Board of Directors of Sterling National Bank and Trust Company of New York at a meeting on Dec. 28 made the following appointments: James G. Hurley, Assistant Vice - President; Meyer Shapiro and Gustave A. Vellek, Assistant Cashiers; Charles O. Mitchell, Assistant Comptroller and Irving E. Iserson, Assistant Manager of Foreign Department—all of the 39th Street office. Robert McKennan of the 42nd Street office and Walter L. Tindle of the Queens office were appointed Assistant Cashiers.

At the last meeting of the Board of Directors of the Bankers Trust Company of New York, Arthur G. Rydstrom, formerly Assistant Vice-President, was elected a Vice-President of the Company. Mr. Rydstrom, who has been working with the United States Maritime Commission, has been recently released from the United States Navy with the rank of Commander. When Mr. Rydstrom reports he will be associated with the Banking Department.

Directors of Clinton Trust Company of New York announce that at their December meeting Rudolph A. Huebner was elected Trust Officer of the institution. Mr. Huebner comes from the Federal Reserve Bank of New York where he was in the trust department.

At a meeting of the trustees of the United States Trust Company of New York held Dec. 28, Sterling Van De Water and Berkeley D. Johnson were appointed Assistant Vice-Presidents.

William F. Foster, President of the Union Trust Co. of Rochester, N. Y., announced on Dec. 21 the promotion of John W. Dwyer as Assistant Vice-President and Milton C. Sauer, Assistant Secretary, by the Board of Directors of the bank.

According to the Rochester "Times Union," Mr. Dwyer, a graduate of the Wharton School of Finance, joined the Citizens Bank of Rochester in 1917 when the bank was organized. Following a merger with the Union Trust in 1920, Mr. Dwyer was made Assistant Secretary. Mr. Sauer began his banking career with the Merchants Bank of Rochester which was consolidated with the Union Trust in December, 1926. Later he was named Assistant Manager of the Chili-Thurston office of the bank and a year ago was promoted to manager. He will continue as manager at the Chili-Thurston office.

The appointment of Berry O. Baldwin to the foreign department of the Industrial Trust Co., Providence, R. I. was announced on Dec. 26. Mr. Baldwin has had 15 years experience in the foreign banking field.

Horace K. Corbin, President of Fidelity Union Trust Company, Newark, N. J., announced on Dec. 27, following a special meeting of the Board of Directors, the retirement of the remainder of the preferred stock, amounting to $1,000,000. This preferred stock was originally issued in 1934 in the amount of $7,000,000. Of this, $4,000,000 was retired prior to the war period. With the consent of the Commissioner of Banking and Insurance, $1,000,000 was retired in 1943. A like amount was retired last October and the final $1,000,000 on Dec. 27, said the trust company's announcement, which added:

"In 1934, when the preferred stock was issued, capital and reserves of Fidelity Union totaled $14,548,647.50, as against the $19,382,000 of today, a gain of nearly $5,000,000 in a decade. Today, the capital structure is made up as follows: $4,000,000 common stock, $12,000,000 in surplus, $1,585,000 in undivided profits and $1,797,000 in reserves."

Spencer Scott Marsh Sr., retired Chairman of the Board of the National Newark & Essex County Banking Co., Newark, N. J., died on Dec. 26 at the age of 70. The Newark "News" in reporting his death, said:

"Mr. Marsh was a prominent figure in banking and finance in Newark for 50 years. He served as Cashier of National Newark until 1938, and Vice-President until 1940. He was made Chairman of the Board in 1940 and served three years until ill health caused his retirement on April 5, 1943. He continued as a member of the board.

"Mr. Marsh served as an officer of many banking and civic organizations and was one of the founders of the Newark Clearing House."

The election of J. P. Williams, Jr., as a director of the Fidelity Trust Co., Pittsburgh, Pa., was recently reported in the Pittsburgh "Post Gazette" which further said:

"Mr. Williams is also President and Chairman of the Board of Directors of Koppers Company, Inc., with which he has been associated for many years."

Mervyn E. Boyle, Cashier of the Farmers Deposit National Bank of Pittsburgh, Pa., since 1930, was recently elected Vice-President and Cashier. He entered the employ of the bank in 1901. We quote from the Pittsburgh "Post Gazette" which on Dec. 27 also said: "The advancement of William L. Davidson, Willis E. Duff, William A. Korb and W. Howard Martie to Assistant Cashiers was also announced."

Promotion of seven officers of the Fifth Third Union Trust Co. of Cincinnati was announced on Dec. 19 by John J. Rowe after a meeting of the Board of Directors. This is learned from the Cincinnati "Enquirer" which also said:

"James M. Pendery, who has been Assistant Vice-President, was named as Vice-President. Claude E. Ford was elected Cashier. He had been Assistant Cashier.

"Others promoted were Lawrence H. Suttman, Assistant Vice-President; John B. Hanekamp, W. Earl Jeggle and Wilton H. Mergler, Assistant Cashiers. George J. Nortman was named manager of the savings department.

"Mr. Pendery started with the Fifth Third National Bank, predecessor to the present bank, in 1922.

"Mr. Ford began his banking career with the Walton Bank & Trust Co., Walton, Ky., and came to Cincinnati with the Fifth National in 1903."

J. De Forest Richards, President of the Boulevard Bank of Chicago, Chicago, Ill., made known on Dec. 20 that in the last year the capital structure of the bank has been increased by a half a million dollars or 50%. Chicago "Tribune" reporting this, added:

"On Dec. 28, 1943, capital was increased 50% from $500,000 to $700,000 and surplus from $500,000 to $600,000. Last May surplus was increased by $50,000 and again this month by $100,000, which gives the bank a present capital of $750,000, surplus of $750,000, and undivided profits of $100,000."

From H. F. Harrington, Vice-President of the Boatmens National Bank of St. Louis, it is learned that the bank reports that its operating profits for 1944, after all expenses, taxes and depreciation, and exclusive of recoveries on items previously charged off, were $570,490.76 or $4.56 per share, as against $537,421.13 or $4.30 per share for 1943. Deposits at Dec. 30, 1944, were $136,622,058.33 against $131,766,313.40 at the previous year end.

Directors of the First National Bank in Palm Beach, Fla., voted on Dec. 28 to transfer $300,000 from the undivided profits account to the surplus account. This substantial increase will make the institution's capital funds over $2,900,000, to read as follows: capital, $200,000; surplus, $2,300,000; undivided profits and reserves, more than $600,000, an increase of over $400,000 since Dec. 31, 1943. The regular monthly dividend of 1% and an extra of ½% was also declared by the board members.

At a meeting of the directors of the First National Bank, Dallas, Tex., on Dec. 19 the proposal to increase the number of shares of stock from 480,000 to 600,000 was unanimously approved. The stockholders will meet to vote on the proposal on Jan. 9. This is learned from the Dallas "Times Herald" which further said:

"This additional 120,000 shares of stock would be sold at $30 per share pro rata to the present stockholders. It will mean that the old stockholders will have the right to buy one share of new stock for every four shares of old stock now held.

"E. L. Flippen, President of the bank, made the announcement.

"The money available, amounting to $3,600,000, would be allocated $1,500,000 to capital, thereby increasing the present capital from $6,000,000 to $7,500,000; $1,500,000 would be allocated to surplus, thereby increasing the surplus from $6,000,000 to $7,500,000 and the remaining $600,000 would be passed to the credit of undivided profits."

Fred F. Florence, President of the Republic National Bank, Dallas, Tex., announced on Dec. 12 the election of Karl Hoblitzelle, President of Interstate Circuit Inc., to the newly created position of Vice-Chairman of the bank. He has been a director of the bank for 20 years. The Dallas "Times Herald" further stated:

"Mr. Florence also announced the election of Lewis W. MacNaughton, a member of the firm of DeGolyer & MacNaughton, Geologists, as bank director.

"The elections were announced at the Dec. 12 board meeting.

"Officers declared the regular quarterly dividend of 40 cents per share and an extra dividend of 40 cents per share. Dividend disbursements for the current quarter total $250,000."

Additional information concerning the Republic National Bank of Dallas, appeared in the Chronicle of Dec. 28, page 2848.

At a meeting of the board of directors of the Union Bank & Trust Co., Los Angeles, Cal., on December 15, an extra dividend of $1 per share on the capital stock, in addition to the usual $1.50 a share, payable January 2 to the stockholders of record December 22.

The Los Angeles "Times" in reporting this also said:

"At the same time the board elevated P. E. Neuschaefer from Cashier to Vice-President, and named W. C. Neary, Assistant Vice-President, to the position of Cashier. Richard R. Newmark was named Assistant Cashier, Don R. Cameron, Senior Trust Officer, and F. H. Kerns, Trust Officer.

Announcement has been made by Lord Wardington, Chairman of the Board of Directors of Lloyds Bank Limited, London, that R. A. Wilson, one of the Chief General Managers, retired from that position at the end of the year, after completing 46 years' service in the bank. Mr. Wilson joined the staff of William Williams Brown & Co., Leeds, in 1898, and a few years later that bank was taken over by Lloyds Bank. He subsequently joined the Inspection Staff and in 1906 was appointed Assistant Manager at Leeds, becoming Manager of that branch in 1913. Mr. Wilson was appointed an Assistant General Manager in 1924, a Joint General Manager in 1929 and a Chief General Manager in 1939. He was elected a Director of the bank in 1941 and on his retirement, Mr. Wilson will be appointed a Vice-Chairman of the Board. Sydney Parkes will continue as a Director and sole Chief General Manager.

On the 1st January, 1945, certain changes are being made at Head Office and, as from that date, the following appointments will become effective:

E. Whitley-Jones and A. H. Ensor, Joint General Managers, to be Deputy Chief General Managers; F. S. Cheadle and W. B. Mayles, Assistant General Managers, to be Joint General Managers; E. J. Hill, from 39 Threadneedle Street, and A. J. Faux, from Law Courts Branch, to be Assistant General Managers.

Announcement is made that late in November an interim dividend of 3%, subject to tax, would be payable by the Imperial Bank of Iran on and after Dec. 20.